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GOVERNMENT AND ADMINISTRATION

General Election

A general election is to be held in the United Kingdom on 9 June.

The Prime Minister's Office announced on 9 May that the United Kingdom Parliament would be dissolved on 13 May and that polling in a general election would take place on 9 June.

The new Parliament will be summoned on 15 June to elect the Speaker and to swear in members. The State Opening will be on 22 June when the new Government's programme will be announced in the Queen's Speech.

Because of the Dissolution of Parliament, public Bills which have not completed all the necessary stages in both Houses will lapse; they include the following: Data Protection (see below), Police and Criminal Evidence (p 419, 1982) and Telecommunications (p 404, 1982).

State of the Parties

The state of the parties in the House of Commons at the time of the dissolution on 13 May was as follows.

Conservative	332
Labour	238
Social Democratic	29
Liberal	13
Scottish National	2
Plaid Cymru (Welsh Nationalist)	2
Official Unionist (Northern Ireland)	5
Democratic Unionist (Northern Ireland)	3
United Ulster Unionist (Northern Ireland)	1
Ulster Popular Unionist (Northern Ireland)	1
Socialist (Northern Ireland)	1
Anti-H-Block Proxy Prisoner (Northern Ireland)	1
Labour Independent	1
Vacant	2
TOTAL	631

The four remaining seats were held by the Speaker of the House of Commons and his three deputies (the Chairman of Ways and Means and the first and second Deputy Chairmen of Ways and Means), who do not vote except in their official capacity in the event of a tie. The Government majority over all other parties was 35, although the Anti-H-Block Proxy Prisoner (Northern Ireland) MP did not take his seat.

Data Protection Bill

The Data Protection Bill was given an unopposed second reading in the House of Commons on 11 April. It contains powers to guard against the threat to privacy posed by the rapid growth in the use of computers and gives effect to the proposals set out in the White Paper *Data Protection* (see p 147, 1982). The Bill establishes a Data Protection Registrar, who will maintain a register of personal data users and computer bureaux and have powers to ensure that personal data are used in accordance with the general principles set out in the legislation; sets up an appeal tribunal for data users; and gives data subjects certain legal rights, including a right of access to their personal data and in certain circumstances a right to compensation. Data needed to safeguard national security and certain other limited categories of information will be exempt from the provisions of the legislation.

(Because of the dissolution of Parliament on 13 May (see above), this Bill, like others which have not completed all the necessary legislative stages, will lapse.)

House of Commons Debate

Home Secretary's Speech

Introducing the Bill's second reading (*Hansard*, Vol 40, No 92, cols 555-631), the Home Secretary, Mr William Whitelaw, said that the information technology revolution was evident wherever one looked. Thanks to computers the use, transmission and communication of information has become daily both more complex and more proficient. The purpose of the Bill was to maintain Britain's trading competitiveness, and keep up the service that governments supplied to the citizen, by ensuring that the information technology industry flourished. The Bill had to reassure the public that the holding of personal information on computers was properly controlled, so dispelling any unease which might inhibit their use, and secondly, to protect Britain's international trading position by conforming with the increasing number of European countries which already had protec-

tion legislation. Companies operating on a multinational basis depended increasingly on the international interchange of computerised data, including personal data. Referring to criticism of the Bill, Mr Whitelaw explained that it provided the individual for the first time with a general right of access to the data held about him and required the registration of the holding and use of data. It gave no new powers to the police or to any other public authority other than the data protection registrar.

The Council of Europe convention on data protection opened for signature in 1981 offered an international standard for protection, which had provided the Government with a yardstick against which to measure its own proposals. The Government's intention was to ratify the convention, and it had had the convention's provisions firmly in mind in drafting the Bill.

The Government believed, continued Mr Whitelaw, that the fundamental problem was a fear of the capabilities of computers. The Bill was designed to meet the particular threats which derived from the computers' capacity to store a mass of information, and their ability to locate specific items of information and then link these with other information about the person in question. This was the threat with which the Government was attempting to deal, not the much broader concern about the use made of information about one person by another.

Mr Whitelaw explained that the Bill took eight general principles from the Council of Europe convention. These related to the way in which data are collected, held and disseminated. They required data to be used only in accordance with the purpose specified, and provided for accuracy and relevance. The principles established a right of access for people to the data held about them, and its correction or erasure where appropriate, and required adequate security measures to protect the data. Compliance was enforceable through the registrar, who could consult, advise and negotiate before taking action. A vital feature of the scheme was the registrar's capacity to use his discretionary powers to tailor his response to the circumstances in each case. This flexibility of approach was preferable to any scheme in which a user, collecting data unfairly or holding inaccurate data, was directly liable to criminal prosecution. The Government had decided to have a single registrar rather than a multi-member authority as it was the most economic use of resources and, since the scheme would be funded by data users themselves, that was particularly important to them. An individual registrar would be able to act more rapidly, authoritatively and consistently than could a committee. Because of the variety of cases which would arise, a registrar able to accept advice from wherever he saw fit would be better equipped than a committee representing an inevitably incomplete range of interests.

At the heart of the scheme was the requirement on data users to register. Registration would not be an onerous process and would entail no more than answering half a dozen questions and paying a small fee. Acceptance on to the register would in most cases be automatic. Data users would be required to specify the purposes for which they held data, and bring into the open the processing of personal data, thereby meeting the fear of unknown activities taking place in secret. The establishment of a register to which anyone could go to discover the uses being made of automatically processed information was a key feature of the scheme. The register would also provide the registrar with an up-to-date account of the uses being made of computerised personal information and the purpose for which data users claimed to be engaged in that activity. The registrar would be able to decide whether a particular user was abiding by his declared intentions and whether there was any cause to investigate a possible breach of the principles. The powers given to the registrar under the Bill added up to a substantial armoury. In most cases the registrar would proceed by means of negotiation and agreement, but if ever the process of negotiation broke down he would have effective means of ensuring compliance with the data protection principles.

The part of the Bill dealing with exemptions was an aspect which had generated much interest, and in many people's minds the rest of the scheme would be judged by it, said Mr Whitelaw. Apart from data held for domestic and other limited purposes, the only data wholly outside the scheme were those concerned with national security. It had been generally recognised that security needed special provisions. All other data, including data held by the police for the purposes of crime prevention, would be registered and accessible to the registrar. However, access could not be given to all police records if prevention and detection of crime were not to be put at risk. It would be nonsense to provide a data subject with access to his file where the file related to police suspicions about his criminal activities. Data held for particular purposes – the prevention or detection of crime, the apprehension or prosecution of offenders, the assessment or collection of taxes, or the control of immigration – were exempt from subject access if the granting of access would prejudice these specific purposes. At present there were no statutory prohibitions on disclosure and it was the holder of information who decided whether or not to disclose it. Generally, where computerised personal data were concerned the Bill would prohibit disclosures. Where crime prevention and the other matters were at stake, however, the holder should not be prevented from disclosing information where he himself judged it to be in the public interest to do so. Finally, there was provision for exemption from the first data protection principle – fair and lawful collection of data – where it was necessary to avoid prejudicing those specified purposes. With these exceptions the remaining principles would all be applicable in these areas. The Government's intention had been to keep exemptions to the minimum consistent with the efficient operation of law enforcement agencies and, Mr Whitelaw pointed out, had stopped substantially short of the exemptions which the Council of Europe convention would allow it to make.

The Bill empowered the Secretary of State to exempt from access by the subject data held in

respect of health and social work, and data held by a government department relevant to the making of judicial appointments would also be exempt from subject access.

Opposition Views

Mr Roy Hattersley, the official Opposition spokesman on home affairs, said that the Bill made an important and vital contribution to the protection that data subjects needed. For all its inadequacies it established the principle that the private citizen had the right to know what information about him or her was being held by private companies or public agencies, the right to inspect that information, the right to correct any errors of fact that that information contained and the right to the assurance that that data, which had been necessarily and properly obtained, would not be misused subsequently. Because the Bill gave these principles legal recognition the Opposition would not vote against it.

The Bill, however, contained exclusions which were too sweeping and exemptions which were too easily manipulated by those who wished to frustrate the purpose of such a Bill. The main objection related to the Government's decision not to include anything about manually processed data. Some of the most sensitive information about individuals and their private matters was still stored manually. The obvious example was medical records. Mr Hattersley expressed a fear that, when the Bill became law, increasing amounts of sensitive information would be moved from electronic systems to manual systems. The inclusion of a code of practice for data users, enforceable in law so that individuals whose information had been misused could have recourse to the courts, would have made it possible to include small companies that process information manually. Companies had to register and open their data to inquiry and correct errors, but there was virtually no way in which a user could be sure that he had proper redress if information was improperly used. The Opposition would have preferred a tribunal to a registrar. In its view an individual rather than a protecting agency had one crucial defect – that the person appointed by the Government would not be able to stand up to the Government in the way that a data protection agency would. The individual needed protection in two ways: first, private information relevant to him or her should be protected against the state; and secondly, information possessed by the state that might result in detriment to the individual should be made available to that individual. The Opposition also believed in the protection of national security but not that a minister had only to say 'national security' to justify practices over which there was no check.

The spokesman for home affairs for the Social Democratic Party, Mr Ian Wrigglesworth, said that a major criticism of the Bill was that the right of individuals to have access to personal data held about them in computer files might be denied on the ground that such access would be prejudicial to national security, prevention of crime, the detection of criminals, collection of taxes and duties, or the control of immigration. These exemptions were drawn too broadly.

For the Liberal Party Mr Simon Hughes said that the Bill's purpose should be to ensure that individuals were protected against the traffic of information organised against the interests of their liberty. The Bill did very little to protect the individual and many things to endanger him. The Liberal Party would not oppose the Bill at present but would do so at a later stage unless there were radical, fundamental and substantial modifications.

EXTERNAL AFFAIRS AND DEFENCE

European Community

Britain's views on the future of the European Social Fund and the development of vocational training in the European Community were given during a debate in the House of Commons on 28 April. Details about the European Investment Bank's activities in Britain were outlined by the Chancellor of the Exchequer in April.

Two documents from the Council of Ministers were before the House. The first, on the Social Fund, proposes some changes to its basic structure, in the groups of people and types of expenditure eligible for Fund support, and in the Fund's system of regional priorities. The second is concerned with policies on vocational training and says, among other things, that member states should, over the next five years, ensure that minimum-age school leavers receive training or initial work experience.

PARLIAMENTARY DEBATE

Minister's Speech

Opening the debate (*Hansard*, Vol 41, No 105, cols 1074-1108) with a description of the operation of the Social Fund, the Minister of State at the Department of Employment, Mr Michael Alison, said that the Fund provided assistance towards training schemes and job creation, and that it had made a considerable contribution to Britain's training and employment effort. Britain had received more than £960 million since 1973 and its receipts of the total Fund budget in 1981 and 1982 had been 25 per cent (£141 million) and 30 per cent (£258 million) respectively. The Fund had given sizeable support for disabled people, for training schemes for young people, and for the training and recruitment of adults particularly in regions of high unemployment. Although most of the receipts from the Fund had gone to government schemes, there was also substantial support for the schemes of private firms, local authorities and voluntary bodies, which offered 'a convincing demonstration of the general benefits of membership of the Community'.

Size of the Fund

Mr Alison said that, although the Fund had greatly increased in recent years it still only represented some 8 per cent of the total Community budget. Unemployment continued to rise in the Community and the demand for assistance from the Fund outstripped its resources by more than 100 per cent. 'This situation provides further vindication ... of the Government's firm view that there should be a shift in Community spending away from agriculture and towards activities meeting other needs of high priority such as are covered by the Regional and Social Funds.'

Review of the Fund

Pointing out that the Council of Ministers was required to review the Fund every five years in order to enable it to tackle the most important labour market problems in the Community, Mr Alison said that the task was to concentrate its resources on the problems and in the areas where they could do the most good, notably tackling unemployment among young people by providing training and work experience, and placing greater emphasis on assisting areas of high unemployment. In the Government's view the Community still had some way to go before it gave adequate recognition to the urban and industrial problems increasingly affecting a number of member states. Support for training represented a lasting investment in individuals and was crucial to the development of a skilled workforce for the future.

The Commission's proposals for the review, noted Mr Alison, largely met the Government's objectives since they recognised the need for comprehensive schemes of training and work experience for all school leavers, Britain's youth training scheme being a clear example (see pp 248-51, 1982). Although the proposals did not give any specific priority to youth unemployment, he hoped that the Council of Ministers would be able to agree on some provision to ensure this. The Government welcomed the proposal that Fund assistance should be concentrated on regions characterised by severe labour market imbalances.

Vocational Training

Turning to the document setting out the Commission's approach to training, Mr Alison welcomed this initiative which had coincided with the British Government's desire to accord vocational training a high national priority (see pp 21-4, 1982). The Government was keen to ensure that training in Britain should match the best European practice and that Community standards generally in this area should be brought up to a consistently high level. The Commission's proposal that over the next five years minimum-age school leavers should receive training or initial work experience had been

more than met in Britain by the youth training scheme, under which employed 16-year-old leavers, unemployed 17-year-old leavers and unemployed 18-year-old disabled school leavers would also be eligible. On the Commission's view that young people should be offered a second period of training, Mr Alison said that this was primarily a matter for employers: 'Resources are not unlimited, and our priority must be to deliver the guarantee of a year's training for unemployed school leavers who are the most vulnerable and the ones most in need.'

Opposition Views

The official Opposition spokesman, Mr Barry Jones, said that the Government had attempted to weaken the Commission's original proposals; a right to continuing training throughout working life had been watered down to an invitation to increase opportunities for training, and an entitlement for young people to have a second period of training had been replaced by a request to endeavour to offer vocational training. On the Social Fund Mr Jones took the view that, given Britain's large contribution to the Community budget, its receipts were far too small.

Speaking for the Social Democratic Party, Mrs Shirley Williams said that youth unemployment had explosive potential for social unrest and that the youth training scheme was not leading to permanent jobs. Against the background of continually rising youth unemployment, the Commission had endeavoured to put forward a radical set of proposals involving not only extra training for young people but also a far-reaching concept of continuing education.

Government Reply

Replying for the Government Mr Alison said that, as originally drafted, the Commission's proposals would have diverted resources needed to provide school leavers with basic training. The new document represented 'a sharper focusing of the resources instead of their being diffused and diversified'.

EUROPEAN INVESTMENT BANK

On 25 April the President and the Vice-President of the European Investment Bank visited London to discuss ways of furthering the Bank's contribution to financing economic development in Britain. In a statement welcoming the visit, the Chancellor of the Exchequer, Sir Geoffrey Howe, recalled that the Bank had been established by the Treaty of Rome to contribute to the balanced development of the Community and that since 1973 about one-fifth of its total lending within the Community had helped to finance industrial, energy and various kinds of infrastructure development in Britain. About 75 per cent of this had been invested in assisted areas to facilitate the creation or expansion of industrial ventures or essential infrastructure needed for economic growth such as water supply and sewerage, transport and telecommunications. Assistance had also been given to the development of energy resources including North Sea oil and gas. Funds provided by the Bank had helped to finance around £8,000 million of new investment in Britain.

Sir Geoffrey pointed out that projects supported by the Bank in Britain involved the direct creation of 30,000 permanent jobs and the safeguarding of 25,000 others by increasing productivity, mainly in manufacturing industry. The Bank estimated that in the Community as a whole some 400,000 people were working throughout 1982 in construction and in supplying goods and services for the projects it helped to finance. An appreciable share of these jobs was in Britain.

Recent loans to the private sector had included £19 million to manufacturing companies for the expansion of engineering, computer, hydraulic motor and cable factories in Glasgow, Leeds, Plymouth and Merseyside. Public sector projects assisted included the laying by the Electricity Council of submarine cables in the Channel to link the British and French grids: telecommunications improvements in Scotland; the construction by British Rail of 55 high-speed diesel trains for inter-city routes; and infrastructure improvements to help attract new activities to Merseyside. The Government was also looking to the Community as a possible source of cheap finance for small and medium-sized enterprises; since 1982 the Bank had opened new lines of credit to support such ventures and the Government had made these loans possible by covering the exchange risk. A total of £51 million had been advanced of which £20 million was reserved for ventures outside the traditional assisted areas.

Middle East

Britain's views on recent developments in the Arab-Israel dispute were discussed by the Foreign and Commonwealth Secretary, Mr Francis Pym, in a speech to the Foreign Press Association in London on 18 April. Earlier, from 8 to 12 April, the Foreign Secretary had visited Saudi Arabia, the United Arab Emirates and Jordan.

The visit took place at a time when talks between Jordan and the Palestine Liberation Organisation (PLO) over a joint approach to a Middle East settlement compatible with the plan put forward in September 1982 by United States President Ronald Reagan (see pp 285-6, 1982) appeared to be making substantial progress. However, on 10 April, following a meeting of the Jordanian Council of Ministers chaired by King Hussein, a communiqué announced that, in the light of new PLO proposals, Jordan could not proceed with the course of political action the two sides had planned and to which they had agreed in principle and in detail. On 13 April the United States Secretary of State, Mr George Shultz, speaking at a press conference in Washington, reaffirmed that the United States would continue to advocate the peace process, to stress the importance of the

security needs of Israel, and to emphasise the need to address the legitimate needs of the Palestinian people. Since then Mr Shultz has been involved in talks in Israel, Lebanon and Syria aimed at securing the withdrawal of Israeli, Syrian and PLO forces from Lebanon, which is regarded as a necessary first step towards a wider peace agreement.

Foreign Secretary's Speech

Speaking on the thirty-fifth anniversary of the independence of the State of Israel, the Foreign Secretary said that the dispute potentially presented a more acute threat to world peace than any other single regional issue and was therefore of concern to the whole international community. It had repeatedly threatened to draw the superpowers into direct or indirect confrontation, the threat of further hostilities and possible superpower confrontation remained, and the destructiveness of the weapons involved became greater every day.

Britain, he said, had a particular interest in a solution of the dispute by reason of its historical association with the region and the many ties which still bound it to the countries of the area. Successive British governments had contributed to the search for a solution, from the formulation of United Nations Security Council resolution 242[1] in 1967 to the British drive behind the Venice Declaration of 1980 (see pp 202-3, 1980). These efforts had not slackened, for the European Council statement made in Brussels in March 1983 (see pp 128-9, 1983) owed much to Britain's belief that European Community member states should make their views clear at this critical moment.

The Basis of a Solution

Pointing out that the sheer length of the dispute had fuelled the bitterness on both sides and that in many ways a solution now seemed as far away as ever, Mr Pym said optimism was out of place in the present circumstances. Nevertheless, the shape of a settlement had been visible since the passage of resolution 242, which continued to be regarded by the vast majority of the international community as a foundation stone for peace. Despite difficulties over the years with its interpretation, its essence was clear. 'It is that Israel has the right to peace and security but does not have the right to acquire territory by war. She should therefore withdraw from occupied territories and should receive in exchange the end of belligerency and the regional acceptance which she needs. The proposition is a simple one: territory for peace. I remain convinced that this is the bargain which must be struck, whatever form the negotiations take and whatever the details of what is finally agreed.' Egypt and Israel had agreed on precisely such a bargain [in the Camp David accords, see pp 352-5, 1978] and this had stood the test of time, despite many strains and pressures.

Two shadows, however, had been cast on the prospect of such a solution. Israel's unjustified invasion of a further piece of neighbouring territory in the Lebanon (see pp 196-7, 241-5 and 316-21, 1982) meant that a new occupied territory had been added to the existing difficulties. More seriously, Israeli settlement of the West Bank, Gaza and the Golan Heights was increasingly changing the picture envisaged by the 'territory for peace' concept, since originally this did not involve any significant change in the population distribution in these areas. The figures, excluding East Jerusalem, were not in themselves alarming as yet since the overwhelming majority of the inhabitants of the territories remained Palestinian Arabs – some 1·2 million as against 25,000 Israeli settlers. 'But the physical and psychological impact of the settlements is out of all proportion to the numbers involved.'

Moreover, continued Mr Pym, there could be no doubt about Israel's official intention to increase the Israeli presence in the territories substantially; some people in Israel had spoken of 100,000 settlers by 1986. The Arabs could see only one objective of this policy: to ensure that the territories could not return to Arab control and would be eventually incorporated into Israel. This undermined the whole concept of the territory for peace bargain. 'If the West Bank and Gaza are incorporated into Israel, I see no possibility of genuine peace for the foreseeable future. The Palestinians and the rest of the Arab world will not accept such an outcome. Neither should we. It corresponds neither to justice nor to the long-term interests of the other states in the region, of the West, nor, in my judgment, of Israel itself in the long term.'

Mr Pym stressed that he was not interested in trying to apportion blame or in presenting blueprints for the future for, as in most of the world's great problems, not all the right or all the wrong was on one side. Although there were plenty of real difficulties in the path of a solution, notably the future of Jerusalem and the fate of the Golan Heights,[1] there were other difficulties which stemmed from illusions which were held, and in some cases deliberately fostered, by the various parties.

The Arab Position

Mr Pym said the Arab position in the dispute was based on the suffering of the Palestinians and the need to provide them with a viable and honourable future. There was also a legitimate determination that 'territory occupied in war, including Syrian and now Lebanese territory, should be restored'.

The circumstances of Israel's birth had made it desperately difficult for the Arabs to reconcile themselves to Israel's presence in their midst, and subsequent history had not helped. Before 1967 most of the Arab world had been neither willing nor ready to accept that Israel was in the Middle East to stay. This had been a costly mistake, and

[1]Resolution 242, sponsored by Britain, was passed by the Security Council on 22 November 1967 and called for the withdrawal of Israeli forces from territories occupied in the 1967 conflict; acknowledgment of the sovereignty, territorial integrity and political independence of every state in the area; and the right for each state to live in peace within secure and recognised boundaries free from threats or acts of force.

[1]Since 14 December 1981 Israel has applied Israeli law, jurisdiction and administration in the Golan Heights (see pp 12-13, 1982).

the situation had now changed. The idea of territory for peace, greeted at the time of resolution 242 with great reservation on the Arab side, had increasingly gained acceptance, and the culmination of this process so far had been the declaration at the Fez summit in September 1982 (see pp 285-6, 1982), when, for the first time, the Arab governments and the PLO had united on a programme, one of whose points called for peace between all states in the area and whose essence was that the Arabs as a whole were now prepared to negotiate for peace.

There had, said the Foreign Secretary, been much speculation about point 7 of the Fez Declaration.[1] 'I have no doubt myself', he went on, 'that the formula means that the Arabs are ready for peace with Israel and, in due course, for acceptance of her. I believe that anyone who has talked to Arab leaders will agree that this vital reconciliation with reality has in the great majority of cases taken place.' On the other hand, Israel was legitimately asking why, if this was so, the Arabs could not say it openly. While he could understand the psychological difficulty for the Arabs to do so, Mr Pym believed that the 'deliberately vague and ambiguous wording of public statements' and 'occasional bellicose remarks' which appeared to contradict their readiness to accept Israel, were 'politically and diplomatically inexplicable and counter-productive'. Britain had long argued that to state this readiness if Israel was ready to accept Palestinian rights would not be to play a vital negotiating card, but simply to show that it was there, ready to be played when the situation warranted it. 'The continuing Arab refusal to make their readiness to accept Israel explicit plays into the hands of those in the Arab world and elsewhere who are still unwilling or too weak to face reality, and of others who have no wish to see Palestinian aspirations met.'

Reaffirming his belief that the Fez summit marked a considerable advance in the Arab position and deserved a response, the Foreign Secretary said that it was no good pretending that it was enough and that the Arabs could wait for peace to come their way on their terms. King Hussein had made a courageous and statesmanlike attempt to use the proposals of President Reagan to get the Arab side into a position where real peace negotiations might begin (see p 158); but his efforts had so far been thwarted by those who persisted in believing that time was on the Arab side. Mr Pym added: 'If negotiations do not start it is the Arabs who will be the losers. Whatever the rights and wrongs of expecting the Arabs to move further than they have, the Arabs must recognise the fact that current Israeli policies may soon make impossible a negotiated peace on anything like the terms which might still just be available now, and they must move to pre-empt these policies. The Fez Declaration is fine as a statement of Arab negotiating objectives but it is not self-implementing: of itself it will not bring peace or the attainment of Arab objectives any nearer.'

[1]This states that the United Nations Security Council should guarantee peace among all states of the region, including the independent Palestinian state.

Israel's Position

Israel's concern, Mr Pym acknowledged, was with its security, and no Israeli Government could be expected to agree to the moves demanded of it by the Arabs until it was satisfied that its borders, and the country's future, could be safe. This legitimate and understandable fear explained why many Israelis supported the occupation of the territories under dispute and why some outside the region believed that Israel had grounds for maintaining its occupation until a satisfactory settlement could be worked out. However, while Israel had the right to the military strength it needed to defend itself, this alone could not guarantee long-term security or the prospect of a lasting peace settlement. The Foreign Secretary continued: 'It cannot be legitimate for Israel to interpret her security requirements in a way which destroys the security of her neighbours. And security cannot be a catch-all pretext for Israel's actions. If security reasons are invoked, they must be demonstrable and convincing, as in my view they were not over her invasion of Lebanon.' The treaty with Egypt had shown that, once peace became a reality, what had previously been regarded as essential in security terms could turn out to be irrelevant. Little or nothing was now heard of the notion, once axiomatic in Israel, that Sharm-el-Shaikh[1] was essential for Israel's security.

The problem, said Mr Pym, was perhaps that many Israelis did not really believe that they would ever be accepted by their neighbours. There was also perhaps in some quarters a temptation to think that Arab attachment to Palestinian demands was only skin deep and that maintenance of an uncompromising stand would in the end cause the Palestinian problem in effect to disappear.

These views, although understandable, were wrong, for peace was possible. 'But it is the Israeli people who must be persuaded that it is. That is why it is so important for the Arabs to make absolutely clear that if Israel is ready to accept Palestinian rights, then they, for their part, are ready to accept Israel. Israel must be confronted with the reality that her position will be morally and politically untenable if she turns her back on the possibility of genuine and lasting peace.' A settlement meeting both Israeli and Palestinian aspirations had to be possible. 'The people of Israel – and Jewish people throughout the world – are in the best position of all to understand the aspirations of the Palestinians, their need for a homeland of their own and their longing for a sense of identity. Israel is a democracy. Her people will decide what her future policy is. I hope that they will do so, showing that sense of vision and imagination which has been the hallmark of the Israeli people since the birth of the Jewish State.' The only long-term alternative was further terrorism, more reprisals, further wars and the threat of escalation.

United States' Role

While acknowledging that it would be the views of those most closely concerned on each side

[1]Sharm-el-Shaikh is situated near the southern tip of the Sinai peninsula in the vicinity of the Strait of Tiran.

which would in the end determine the outcome, the Foreign Secretary said it had 'long been accepted that without outside help the chances of success are poor indeed'. Ever since 1967, successive United States administrations, compelled by the closeness of their links to both sides to the dispute and their perception of the likely alternative to peace, had taken the lead in the search for peace. No-one seriously challenged the proposition that only United States' efforts could bring about peace. The United States had a predominant influence with Israel, the necessary relationship with the key Arab states, and solid achievements to its credit, notably the historic step forward of the conclusion of peace between Egypt and Israel. More recently, Mr Philip Habib [the United States special envoy in the Middle East] had shown, by bringing about an end to the siege of Beirut, that negotiations could work even in the most difficult circumstances (see pp 241-5, 285-6, 1982). The United States was now indispensable for the achievement of the withdrawal of foreign forces from Lebanon.

President Reagan's initiative of September 1982 was a vital step forward that offered hope to both sides and represented a fundamentally balanced approach to the problem. Britain had from the beginning given those proposals its full support, in the belief that, whatever disagreements there might be with them, they represented 'the most reliable starting point for negotiations available' and, unlike so many other proposals, stood a chance of being put into practice. Recent developments (see p 156), although a setback, were not necessarily the end of the road. The United States had made clear its intention to maintain its pressure and a major effort would now be needed to move the process forward. Britain would continue to give President Reagan's proposals its support. It was essential that the forces of moderation, not least in the PLO, should win the day. If they did not, the consequences were awful to contemplate, most of all for the Arabs and the Israelis.

Europe's Role

Mr Pym said that, although Europe's help was frequently and insistently requested, particularly from the Arab side, its influence was insufficient to make its views prevail with either side. Nevertheless, European Community member states had tried to use what influence they had, not only with Israel and the Arabs but also with the United States, their most notable contribution perhaps being the Venice Declaration. This had acknowledged that resolution 242 was defective in its description of the Palestinians simply as refugees and its failure to prescribe what should become of them or of the territories in which many of them lived and from which Israel was required to withdraw. It had also said that the Palestinians were a people, had the right to self-determination and had to be enabled to fulfil this right in the framework of a peace settlement, and that the PLO 'would have to be associated with peace negotiations'.

In the last few days, continued Mr Pym, the PLO had shown once again why so many people had reservations about its capability to negotiate peace or represent the real interests of the Palestinians.[1] 'For our part, we have been entirely consistent in seeking to convince the PLO to make unequivocally clear its rejection of terrorism and its readiness in the right circumstances to accept Israel. But it remains the fact that most Palestinians look to the PLO to speak for them. It certainly cannot be ignored or wished away.'

The Future

Turning to the prospects for the future, Mr Pym said that there were two areas where change was crucial. First, the Israeli settlement process in the occupied territories had to be halted for, if it continued, there was no chance of peace; and secondly, in Lebanon, Israel had to enable a general withdrawal of foreign forces to begin by agreeing that its own forces would withdraw in their entirety. 'It is the conviction of the Arabs that if Israel cannot be brought to withdraw from Lebanon, where she asserts no territorial claims and where her invasion was universally found unacceptable, there is no hope that she can be brought to leave other occupied territories where her interests are acknowledged even by the Arabs to be so much greater.'

Moreover, continued Mr Pym, the involvement of the United States in the negotiations both on Lebanon and potentially on the other occupied territories meant that success over Lebanon would be seen as a test of the United States' ability to take upon itself this sort of negotiating role. The prospects for President Reagan's initiative, which Mr Pym fervently hoped could be revived, would be immeasurably improved by visible success for the United States in the shape of Israel's withdrawal from Lebanon.

Looking beyond the immediate situation, the Foreign Secretary urged both sides to ask themselves whether the positions they had adopted so far were those that best served their own interests. 'The choice must now be made between going all out for an improvement in the present situation, even if it falls short of what has hitherto been accepted as a minimum requirement, and waiting for the better opportunity that may never come . . . Peace will not come overnight. It must be reached in steps. If one or two steps could be taken, genuine peace and co-operation, well out of reach at present, could come at least half within reach. The unthinkable could be brought into the realms of the just possible.'

Related to this was the need to break the 'vicious circle of mistrust', for the present situation destroyed confidence on each side. A move by either side towards 'a greater realism and readiness to accept the validity of mutual rights' could transform the scene. 'I hope those in the PLO who hold out for maximum PLO demands will recognise the extent to which a move by them towards Israel would put pressure on Israel to respond. I hope that the Israelis will recognise that their instant rejection of what President Reagan has

[1] A reference to the murder in Albufeira, Portugal, on 10 April, of Dr Issam Sartawi, an official of the PLO noted for his moderate stance, and to the breakdown of the Jordan-PLO talks (see p 155).

proposed is doing them immense harm, and I urge them yet again to reconsider it.'

Recognising that it was now more than ever important that there should be a break with the 'helpless immobility of the past', the Foreign Secretary reaffirmed Britain's intention to do all it could to encourage this, although he was less confident than he would have wished that it would happen. 'The major responsibility will continue to lie with the parties themselves. No change cannot be the answer, for them or for their friends throughout the world. The absence of even an effective peacemaking process, let alone a settlement, could only have the effect of escalating tension, bitterness and hostility – with incalculable consequences for us all.'

Foreign Secretary's Visit to the Middle East

Following the reception of a delegation of the Arab league in London on 18 March (see p 129, 1983), Mr Pym visited Saudi Arabia, the United Arab Emirates and Jordan from 8 to 12 April.

On his departure from Amman on 12 April Mr Pym said that the British Government was full of admiration for the energy and resolve with which King Hussein had sought Arab, and in particular, Palestinian agreement for getting negotiations started and that it supported him in his efforts. Britain and Jordan were agreed on three priorities, namely a withdrawal of Israeli and other foreign forces from Lebanon; a freeze on Israeli settlements in the West Bank; and the opening of negotiations using President Reagan's plan as a starting point. The events of the previous week did not alter the central reality that there was no feasible alternative to using the Reagan plan, despite the reservations which many countries felt about it, as the starting point for the peace process. It was an opportunity which would not recur and would not exist for much longer.

Mr Pym stressed the need for progress on the withdrawal of foreign forces from Lebanon. 'Israel must do more to back up its claim that it wants to withdraw and is willing to respect Lebanese sovereignty. It is also unacceptable that Israel should press ahead with its resettlement programme.' He also pointed out that the Arab world needed to bring to a conclusion the promising work done at Fez and developed during King Hussein's negotiations with the leader of the PLO, Mr Yassir Arafat.

Cyprus

Britain's views on the progress of the intercommunal talks in Cyprus were outlined in the House of Lords on 20 April by Lord Belstead, Minister of State at the Foreign and Commonwealth Office.

Winding up a short debate, Lord Belstead (*Hansard* (*HL*), Vol 441, No 80, cols 617-33) said that despite the relative stability of the past eight years the divisions between the Greek and Turkish communities still remained. Although there had been no fighting during this period and parts of the country had become more prosperous, a generation was growing up on both sides of the green line in Cyprus which had never known its opposite numbers. As time went on, a solution would become more difficult to find.

Britain had long-standing ties with the people of Cyprus, was linked to Cyprus by treaty,[1] and was aware of its obligations (see p 223, 1979). The Government believed that an eventual settlement could be reached through the inter-communal talks, held under the auspices of the United Nations Secretary-General, between representatives of the two communities in Nicosia, the latest round of which had started in 1980. Britain was in regular contact with the parties concerned and with the United Nations.

In November 1981, Lord Belstead recalled, the United Nations Representative in Cyprus, Dr Hugh Gobbi, had put forward an evaluation of the situation made by the then Secretary-General, Dr Kurt Waldheim. This document had analysed the areas of agreement and disagreement and, in the case of the latter, had sketched in some ideas as to how these could be resolved. The talks between the two sides over the past year had been the most thorough analysis of a future Cyprus constitution ever undertaken by the two communities since independence and the discussion of the evaluation was almost complete.

A chance now existed for progress towards a settlement following the re-election of President Kyprianou in March and the statement made after the election by the Cyprus Foreign Minister that the time was ripe for movement within the framework of the inter-communal talks. The British Government hoped that the United Nations would be able 'to inject some new ideas into the inter-communal talks, to build on the work done in discussion of the evaluation, and to offer prospects of real progress towards a settlement this year'. Britain would place its weight firmly behind a realistic attempt to make progress this year. Such progress could only be achieved by the parties themselves working towards agreement under United Nations auspices. When the matter came to be discussed at the United Nations, it was important that the parties should not try to score propaganda points off one another and should avoid souring the atmosphere for the inter-communal talks which were now poised to make further progress; it would be a tragedy if the momentum were to be lost.

Referring to a suggestion that Britain should launch an initiative, Lord Belstead said that neither the Cyprus Government nor the Turkish Cypriot community had asked for one. The key to a solution was agreement and action towards a settlement by the parties involved. The Government believed that Britain should be ready to underpin the work of the United Nations' Representative in Cyprus.

The problem itself, Lord Belstead observed, was complex and it was not right to see confron-

[1]Under treaties which took effect in 1960 Britain, Greece and Turkey recognised and guaranteed the independence, territorial integrity and security of the Republic of Cyprus, and Britain was given two sovereign areas for use as military bases.

tation between the Cyprus Government and Turkey as its core, since both communities as well as Turkey and Greece were involved. 'Attempts to find a solution to the problem have been bedevilled over the years by supporters of one community or the other seeing the problem from one angle only.'

The presence of foreign troops was a tragic aspect of the situation and Britain had voted for appropriate United Nations resolutions calling for their withdrawal. However, Turkish Cypriot security concerns made it unlikely that Turkish troops could withdraw in advance of progress towards a settlement.

Lord Belstead emphasised that, in giving all the help it could to United Nations efforts, Britain was constantly impressing on the parties the need to make progress this year. Britain also remained the largest contributor of men and money to the United Nations peacekeeping force in Cyprus. It was a measure of the force's success that there had only been one fatal inter-communal casualty on the line between the two communities in the last eight years; this was, however, no cause for complacency or any reason why efforts to bring about a lasting solution should be abandoned.

In conclusion Lord Belstead recalled that young people from the two communities had traditionally mixed by coming to British universities. Since Cyprus had been hit by Britain's decision to charge overseas students the full cost of their tuition the Government had announced in March that £1 million would be made available in each of the next three years to help Cypriot students to continue to come to Britain (see p 102). The benefits would be made available to students from both communities and most of the details of the scheme had been worked out.

Britain and the Brandt Commission's Memorandum

Britain has welcomed publication of the Brandt Commission's memorandum *Common Crisis*[1] and has accepted its central message, that nations live in an interdependent world. In a debate in the House of Commons on 18 April, the Foreign and Commonwealth Secretary, Mr Francis Pym, said that the solution to the present difficulties of developing countries lay in an end to the world recession and the resumption of sound, lasting growth among industrial countries; this would enable developing countries to increase their exports, repay their debts and invest for the future.

THE MEMORANDUM

The memorandum, a follow-up to the report *North-South: A Programme for Survival* (see pp 101-5 and 209-12, 1980) was, like its predecessor, published by the Independent Commission on International Development Issues, also known as the Brandt Commission. It was written against a background of what its authors saw as deteriorating prospects not only for improved relations between industrialised and developing countries, but for the outlook of the world economy as a whole – a crisis precipitated, in their view, by the failure of governments to act decisively on the recommendations contained in the Commission's original report. The memorandum was drafted by an editorial group under the leadership of the former British Prime Minister, Mr Edward Heath, and the Commonwealth Secretary-General, Mr Shridath Ramphal, in consultation with the Commission's chairman, a former Chancellor of the Federal Republic of Germany, Herr Willy Brandt. Its final text was adopted following deliberations by the Commissioners in Ottawa, Canada, in December 1982.

In his introduction to *Common Crisis*, Herr Brandt expresses his disappointment and alarm that, despite the encouraging public response to the report from concerned individuals and groups, notably in Britain, no real breakthrough has since been achieved. In particular, the North-South summit at Cancun, Mexico (see pp 329-30, 1981), originally proposed by the Commission, had fallen far short of its expectations, producing 'no new guidelines nor any clear impetus for future negotiations'.

In a summary of its main recommendations, the memorandum states: 'Our proposals are directed to averting world economic collapse and the subsequent chaos and human suffering and to creating conditions leading to world economic recovery. We seek to restore confidence in the banking system; to avoid the strangulation of world trade through increased protectionism and to move it back into growth; to make developing countries more self-sufficient in food and energy production; and to improve the negotiating process between North and South. We insist that longer-term measures of reform will be essential to the international financial and trading system, without which recovery and growth could not be sustained. But our measures constitute the minimum emergency action which we believe nations must now take together.'

The measures recommended by the Commission fall into five broad categories: finance, trade, food, energy and the negotiating process.

Finance

The Commission calls upon governments to take immediate action to increase the resources of the International Monetary Fund (IMF) by (1) a major new allocation of Special Drawing Rights, distributed on a basis which takes into account the particular needs of developing countries in deficit; (2) taking action to secure at least a doubling of IMF quotas; (3) increased borrowing from central banks, particularly those of surplus countries; and (4) borrowing from capital markets. It also urges that more funds should be made available from the Compensatory Financing Facility (see footnote

[1]*Common Crisis. North-South: Co-operation for World Recovery.* The Brandt Commission 1983. Pan Books Ltd. £1·95. ISBN 0 330 28130 5.

p 287, 1982), and from the IMF's low conditionality tranches,[1] thereby encouraging countries to come to the Fund earlier.

The World Bank group's resources for both programme lending and project lending should also be increased; and enlargement of its programme lending, including lending for structural adjustment, facilitated by raising the present limit on such lending from 10 per cent to at least 30 per cent of total lending. The Commission says that governments should make a strong commitment to a real increase in funds for the seventh replenishment of the International Development Association (IDA); raise aid levels for low-income countries; and implement fully the agreement at the United Nations Conference on Least Developed Countries (see pp 255-60, 1981) to provide 0·15 per cent of gross national product or a doubling of aid to these countries by 1985. This and the seventh IDA replenishment would be part of an effort to meet the 0·7 per cent aid target in the space of five years. Earlier undertakings regarding official debt should be fulfilled by ensuring that all such debts to all least developed countries are waived; and informal co-ordination among the IMF, the World Bank, other official lenders and the commercial banks in negotiations on debt should be strengthened.

Trade

Warning that world trade is stagnating and that there is growing disregard for the rules of the trading system, the memorandum discusses the international agenda on trade for the immediate future. As matters of priority it calls for reinforcement of the undertakings given by industrialised countries at the GATT ministerial meeting (see pp 401-2, 1982) to resist protectionist pressures; early completion of negotiations for an improved safeguards code; ratification of the Common Fund (see pp 240-1, 1980); negotiation of new international commodity agreements; and increased compensation for periodic losses of developing countries' commodity export earnings.

Food

Noting that there is grave concern at the growing food deficits in many developing countries and the rapid growth in the cost of food imports, the Commissioners propose measures to increase and improve resource flows to agriculture, especially through support for national food strategies; to strengthen the system of international food security; to combat ecological deterioration; to support a major expansion of agricultural research, especially to African countries; and to increase food aid while monitoring it to avoid its possible disincentive effect on food production.

Energy

To help developing countries to produce more of their own energy, and to reduce instability in world energy markets, the memorandum proposes a new energy agency to increase energy self-reliance in developing countries; institutional and financial support for energy research and the dissemination of its results; and a dialogue between major oil-producing and oil-consuming countries to consider arrangements beneficial to all parties, including safeguarding supplies to the poorest countries.

The Negotiating Process

The Commission proposes measures to improve the process of negotiation between North and South, and urges that a new round of global negotiations at the United Nations should proceed (see pp 292-3, 1980). It also proposes a second North-South summit with adequate advance preparation to give new impetus to international economic negotiations. Looking to the immediate future, however, it calls for urgent world economic consultations on the adoption and implementation of emergency measures for recovery and development, bearing in mind the opportunities offered by the Sixth Session of the United Nations Conference on Trade and Development (UNCTAD) due to take place in June 1983.

PARLIAMENTARY DEBATE

Foreign Secretary's Speech

Opening the debate in the House of Commons (*Hansard*, Vol 41, No 97, cols 33-116; No 98, cols 117-37) on the memorandum, the Foreign and Commonwealth Secretary, Mr Francis Pym, paid tribute to the members of the Commission, who had produced a 'thoughtful, forward-looking and practical analysis of a notoriously complicated subject'. The Government, he said, had already welcomed publication of the memorandum, which dealt with many of the most grave and pressing issues faced at the present time by the international community, and concentrated on proposals for practical action. The Government intended to publish a White Paper within three or four weeks which would allow for a more detailed reaction to the memorandum, which had a direct bearing on Britain's preparations for a number of major international meetings this year.

Western governments, said Mr Pym, had had difficulties in adjusting to the realities of the 1980s, the world recession and high unemployment. But the effect on developing countries had been particularly severe. Many had encountered contracting markets, low commodity export prices, high oil import prices, record levels of interest rates and mounting debt repayments. Solutions had to be found to these problems, but no one country or group of countries could provide the answer alone.

Britain's prosperity was deeply bound up with the well-being of its markets in both developed and developing countries. Nearly a quarter of its trade was with the developing countries, and its banks and financial institutions also did substantial business with them. There was also a political dimension. Britain was not and could not be indifferent to the political stability of the developing countries, and was particularly concerned with sustaining the political and economic strength of

[1]The IMF's ordinary Fund lending is a series of four credit tranches; the first tranche involves low conditionality, but subsequent tranches are made available on stricter terms of agreement.

its partners in the Commonwealth, which was playing an increasingly important part in discussion of economic co-operation and in exploring ways of improving the North-South dialogue.

The long-term solution to the problems could only be a return to sustained growth achieved without re-kindling inflation. There were signs that the major economies would begin to recover in 1983 and that there would be an upturn in world trade. This recovery would, however, need to be nurtured carefully if it was to be sustained. The essential components of a strategy for recovery were measures to strengthen the international financial system, to manage international debt in an orderly fashion, to preserve the open trading system, and to give greater stability to exchange rates and interest rates.

International Financial System

Mr Pym said that much progress had been achieved on measures to strengthen the international financial system. The International Monetary Fund's interim committee had in February 1983 agreed on measures to increase the usable resources available to the Fund and that implementation of this quota increase would be brought forward to the beginning of 1984. Britain agreed with the memorandum that the IMF had to pay close attention to the economic and political realities of countries when deciding on the conditions to accompany a lending programme, and that countries should be encouraged to take their problems to the Fund at an early stage.

With regard to the memorandum's comments on the need to deal with the present strains on the international financial system, Mr Pym said he was greatly impressed by the efforts international institutions were making to adapt to the new problems confronting them. Governments, central banks and commercial banks had had to learn to co-operate much more closely and act more decisively, and British institutions had played an active and substantial role which had been widely acknowledged.

Development Assistance and Other Flows

Noting the memorandum's emphasis on the importance of official development assistance, Mr Pym pointed out that the total British aid programme for 1983-84 was expected to reach £1,129 million, an increase of almost 10 per cent over the previous year and, in the light of the expected level of inflation, a useful increase in real terms. 'But we should be clear that official aid is not and cannot be the main engine of development in poorer countries. It makes a vital contribution, particularly to the poorest countries, but it is of equal and crucial importance that the countries themselves pursue sound domestic policies.'

Britain, said Mr Pym, agreed with the memorandum's view that emphasis should be given to the poorest countries; about two-thirds of its bilateral aid, all in grant form, went to these countries – a higher proportion than the average for Western industrialised countries.

Britain had also been at the forefront of moves to waive debts, not only from the least developed countries, as the memorandum recommended, but from other developing countries, in most cases by converting loans to grants.[1] It accepted the various aid targets that the memorandum mentioned but, like previous British governments, was not committed to a timetable for achieving them.

Traditionally, Britain had also been a generous contributor to the World Bank, regional development banks and United Nations agencies. Britain had taken the lead among the major donors in releasing its full contribution to the International Development Association for its sixth replenishment when the United States Congress refused to authorise the full United States contribution (see footnote p 288, 1982). It also strongly supported both the World Bank's new special assistance programme to speed up disbursements to those countries which were making a determined effort to sustain development despite their difficulties, and its structural lending programmes.

The British Government also welcomed the importance the memorandum attached to the beneficial role of private investment in developing countries. Total United Kingdom investment in developing countries in 1981 had been £4,980 million, of which £3,731 was private investment. This was equal to 2·01 per cent of gross national product, double the United Nations' target of 1 per cent for combined government aid and private flows.

Economic constraints and the demands of Britain's bilateral and multilateral aid commitments meant that it had to be realistic about the financial resources that it could make available. The Government constantly endeavoured to ensure that the substantial resources that were provided by the European Community were used effectively. The Lomé Convention (see p 322, 1979) had become central to the Community's relationship with developing countries. The present Convention would expire in February 1985 and Britain's objective in the negotiations for Lomé III, which would begin in September 1983, would be to secure a convention that would allocate funds in the most efficient and cost-effective way.

Mr Pym stressed that the industrialised countries, the richer developing countries and especially the newly industrialised countries must pull their weight through both aid and trade. The newly industrialised countries could build upon existing regional organisations to which Britain and other Western donors had been substantial contributors. Aid provided by the Organisation of Petroleum Exporting Countries (OPEC) through bilateral and multilateral channels had been valuable and he hoped the OPEC countries would continue to support the development of the poorer countries. By contrast, the aid contribution of the Soviet bloc countries, he said, was meagre and almost entirely devoted to underpinning their political clients.[2]

[1]Since 1978 Britain has concluded agreements to remove the burden of past aid loans worth £900 million from 18 of the poorest countries.

[2]Statistics published by the Organisation for Economic Co-operation and Development show that in 1981 net official development assistance from OECD member countries amounted to $25,600 million; the OPEC countries provided some $7,000 million, while the Soviet Union and Eastern European countries contributed an estimated $2,204 million.

Open Trading System

The other major element of the strategy for recovery was preservation of the open trading system, for trade was ultimately more important than aid. 'The more a developing country is able to export, the more it can stand on its own feet. Britain has played a major part in providing access to its markets to the products of developing countries, and recent figures show that the OECD countries as a whole account for about two-thirds of the total exports of the developing countries.' Mr Pym said that Britain strongly supported the maintenance of free and fair trading and that a general relapse into protectionism should at all costs be avoided.

The European Community, he said, was one of the freest markets in the world, and had to remain so. With regard to commodities, which were an essential concern of developing countries, Britain had ratified the Common Fund and had urged other countries to do likewise (see pp 240–1, 1980). It was an active participant in the six main commodity agreements, and was ready to sign the international jute agreement. It was also a contributor to the IMF's Compensatory Financing Facility and to the European Community STABEX fund, both of which facilities would be reviewed in the summer, with Britain taking a full and constructive part in the process.

North-South Dialogue

Turning to the memorandum's recommendations on ways of improving the North-South dialogue, Mr Pym said Britain would like to see more flexible negotiating procedures, more conferences on single issues, more discussions in small groups, and more co-operation between developing countries. Somehow countries had to get away from sterile arguments over empty communiqués and strive instead for more limited agreements on practical matters. The issues raised in the memorandum would be under active discussion at key international meetings this year including the OECD meeting, the Williamsburg summit, the Sixth United Nations Conference on Trade and Development (UNCTAD VI), the annual meetings of the IMF and the World Bank, and the Commonwealth Heads of Government meeting in November. Britain would be looking for practical agreements that would benefit developing countries.

Returning to the central themes of the memorandum, Mr Pym concluded: 'The solution to the present difficulties of developing countries lies in an end to the world recession and the resumption of sound, lasting growth among industrial countries. That will enable developing countries to increase their exports, repay their debts and invest for the future.'

Opposition Views

Mr Denis Healey, the official Opposition spokesman on foreign affairs, said that the Brandt Commission's memorandum recorded the failure of the industrial countries to take the 1980 report seriously. Every warning given in the latter had come true. The situation was now worse than Brandt had then envisaged because, on top of everything else, the industrial world had produced a crisis in its own financial arrangements that could still lead to the collapse of its private banking system. Income per head in most Third World countries had fallen for the first time since the second world war, and political instability was increasing. Because the industrial world had a direct responsibility for the suffering in the Third World, it also had a duty to help remove it. The central message of the Foreign Secretary's speech and of the Brandt memorandum had been that the industrial world also had a great material interest in working with the Third World to get out of the crisis.

What was needed, said Mr Healey, was a collective programme for growth from the major industrial countries, led by those which had already achieved a healthy balance of payments and low inflation. If the weak countries were to be expected to correct their deficits, the strong countries must be obliged to accept larger deficits. The Western governments had to realise that in the area of economics they had to seek co-operation between rich and poor to achieve an economic balance at the highest level of growth and employment.

The Liberal Party spokesman, Mr Russell Johnston, welcoming the memorandum, said it was in Britain's interests to resolve these problems and he hoped the Government would act on the Commission's recommendations.

Speaking for the Social Democratic Party, Mr Christopher Brocklebank-Fowler said that until statesmen from all the countries in the West and the leaders in the South got together to discuss in detail sensible ways forward, there was little hope for the world's economic recovery in the foreseeable future. The essential message of the Brandt memorandum was not only that the problems were serious and needed to be addressed by the world community, but that time was running out. Restrictive economic policies needed to be replaced by a co-operative and co-ordinated policy of joint expansion to chart a course out of world recession.

Government Reply

Replying for the Government, the Minister for Overseas Development, Mr Timothy Raison, reaffirmed the Government's welcome for the memorandum and its intention to publish a White Paper setting out Britain's position on its principal recommendations. 'We accept the central message of the report – that we live in an interdependent world. Our prosperity is bound up with that of the developing countries. We accept that the long-term solution to the problems faced by the developing countries lies in a return to sustained and lasting growth among industrialised countries . . . Recovery will enable the developing countries to earn the foreign exchange necessary to repay their debts and to invest in future development. In the mean time, we must give all the support that we can to help the developing countries to bridge the intervening period.'

ECONOMIC AND SCIENTIFIC AFFAIRS

Economic Policy

The key role of monetary policy in the British economy was stressed by the Governor of the Bank of England, Lord Richardson, in a speech given in Rome on 12 April. Seeing the exchange rate as the link between a country's economy and those of other countries, he expressed the hope that Britain might eventually become a full member of the European Monetary System.

Economic Review

Lord Richardson began his address, given to the Italian Senate, by reviewing economic developments since he had become Governor of the Bank nearly ten years ago. Over this period there had been an abandonment of the Bretton Woods system of fixed exchange rates, successive major increases in the price of oil and an ending of the expectation of virtually uninterrupted growth. Many countries had experienced 'the sinister alliance of high inflation, low rates of economic growth and high and rising unemployment'. These trends, which 'clearly represent a major deterioration in economic performance', were only partly the result of the oil price shocks which Britain, as the sixth largest oil producer in the world, was in a relatively strong position to withstand; only in a superficial sense could a country attribute its misfortunes to outside disturbances. The Western economies had become 'strikingly less adaptable and more rigid than they were'.

The Governor identified three examples of economic rigidity, 'all deeply rooted in patterns of social behaviour': organised pressure for regular wage increases, particularly the expectation that price rises had to be followed by wage rises; the tendency for government expenditure on welfare to increase progressively, often with little regard to the potential of the economy to provide it; and the slowness of industry in all Western countries to meet competition from Japan and the newly industrialising countries of the Far East.

Different countries had tackled these rigidities in different ways and with varying degrees of success. Lord Richardson pointed out that, in Britain, policy had in recent years been directed towards mastering inflation and improving the supply side of the economy so as to lay the basis for improved performance. This had involved the removal of market distortions (including the abolition of controls on pay, prices (see pp 162-3, 1979), dividends (see p 196, 1979) and foreign exchange dealings (see p 162, 1980), a switch from direct to indirect taxes and reductions in public expenditure.

Inflation and Monetary Policy

The Governor believed that monetary policy had a central role in the struggle against inflation. The system of fixed exchange rates had provided an element of discipline whereby fiscal and monetary policy – and hence growth in national income – had to be adjusted in order to maintain the rate. Britain had lost this formal external discipline with the floating of sterling in 1972; however, Lord Richardson felt that 'the fundamental external constraint cannot be escaped, whatever the exchange rate regime'. Although incomes policies in the subsequent period had proved short-lived, the fact remained that governments were responsible for wages in the public sector. Wage moderation, within a policy framework directed at influencing nominal income, was 'an essential element in achieving lower inflation in combination with lower unemployment'. However, an effective means of translating these considerations into 'a structured complement to other policies' had not yet been found.

Alongside this experience, the role given to monetary policy had grown. Its aim was to limit the growth of nominal income to a rate consistent with the productive capacity of the economy. Rapid inflation, together with changing expectations about it, had rendered nominal interest rates an unreliable guide to monetary conditions; therefore, over the last decade, control of the money supply had become 'the intermediate objective of our policy'.

In 1976 the Government of the time started to announce quantitative targets for monetary growth (see p 25, 1977). In 1980 the present Government began to project these targets several years ahead as the central element in its medium-term financial strategy (see p 113, 1980). Declining rates of monetary growth emphasised the permanence and consistency of the Government's counter-inflationary objectives.

Lord Richardson went on to explain the preference in Britain for a broad definition of money, which had the merit of being amenable to analysis in terms of the sources of monetary growth, including the public sector borrowing requirement. This had 'helped considerably to focus attention on the vital need for consistency between fiscal

and monetary policy'. The same link between fiscal and monetary policy was made in the Government's financial strategy, which set out, alongside the monetary targets, an illustrative path for public sector borrowing in future years – also on a declining scale. Particular importance had been attached to the need for budgetary restraint – essential if monetary control was to be effective without undue reliance on interest rates. Large changes in interest rates had serious economic effects on, for instance, exchange rates and business viability.

The experience of this form of monetary policy in Britain, as elsewhere, had not been without difficulty. Short-term variations in the relationship between monetary growth and nominal income, as well as innovations which had blurred the distinctions between various financial assets, had meant that particular measures of the money supply could not by themselves fully measure the pressure that policy was exerting on the economy. Operators of monetary policy had to avoid both a rigid or mechanical adherence to the monetary targets – which could 'impose a traumatic pressure working through financial markets on the real economy, and in particular on the private industrial sector' – and an overshooting of the targets – which could damage the credibility of policy and weaken its effect upon inflationary expectations.

The Governor was convinced that the problem could be resolved only through judgment and discretion in the operation of monetary policy. The monetary targets had to be continually interpreted in the light of the range of available supplementary evidence on the prospect for inflation, including the behaviour of the exchange rate. The outward form of monetary targets might have to be periodically adapted to meet changing circumstances. 'More than its form, what matters – indeed is of vital importance – is that the substance of policy should be resolutely adhered to, and its aims pursued continuously and consistently. And it is this that we have endeavoured to achieve.'

Exchange Rate Instability

Lord Richardson felt that international arrangements for exchange rates, which he saw as linking one economy to another, were not working as well as could be desired. The period since the ending of the Bretton Woods system had been marked by unstable exchange rates. The existing system was not one of universally floating rates; on the contrary, the great majority of member countries of the International Monetary Fund (IMF) had pegged their currencies to that of a major trading partner or to a basket of currencies.

A further reference point was provided by the European Monetary System (EMS – see pp 415-18, 1978). Explaining why Britain had not joined the exchange rate mechanism of the EMS, the Governor said that Britain had an alternative financial anchor in its money supply targets. Furthermore, sterling was particularly exposed to fluctuating international pressures – especially oil-related ones - which tended to pull it in the opposite direction from other European currencies. Nevertheless, he hoped that the time would come when conditions were appropriate for full British membership of the EMS. [Speaking in Stoke-on-Trent on 15 April, the Chancellor of the Exchequer, Sir Geoffrey Howe, said that, together with his international colleagues, he intended to continue the search for greater stability of exchange rates. He expressed his agreement with Lord Richardson that, as inflation in the major economies subsided and as recovery from the oil shocks worked its course, 'there are more grounds for hope than for many years that greater exchange rate stability is achievable'.]

Economic Co-operation

The Governor reminded his audience that the European Community was the world's largest single trading unit, with a potentially very powerful influence on international economic affairs. Its advocacy of greater stability of exchange rates was beginning to bear fruit as progress towards reduced inflation could be expected to provide conditions for less variability in rates as well as a setting in which intervention could play a modest but supporting role. A start to progress of this kind had been made at the 1982 Versailles economic summit (see pp 201-3, 1982) with the commissioning of a study on intervention (see p 172). Lord Richardson hoped that the forthcoming Williamsburg summit would build on the start made at Versailles, at which the seven participants had undertaken to strengthen co-operation with the IMF in multilateral surveillance of exchange rates.

Prospects

Concluding his address with a consideration of economic prospects, the Governor said that there were indications of a modest recovery in Britain although growth was not expected to be fast enough to bring about a reduction in unemployment for some time. This guarded optimism was based partly on the expectation of modest recovery in the world economy; already there were promising signs in the economies of the United States and the Federal Republic of Germany. However, he felt that the strength of world recovery would be significantly influenced by the course of United States interest rates, which remained very high in real terms.

National Income and Expenditure 1982

Gross domestic product in real terms rose by about 1 per cent during 1982 following two years of decline. Output in agriculture, forestry and fishing and in mining and quarrying rose sharply but that in manufacturing continued to fall.

Details of gross domestic product (GDP) and its components in the fourth quarter and year of

1982 are given in a Central Statistical Office press notice of 21 March.

Gross Domestic Product

In the fourth quarter of 1982 GDP at factor cost according to the average measure (the average of expenditure, income and output estimates) was 1·4 per cent higher than a year earlier and 2·4 per cent higher than in the third quarter of 1981, when it reached its lowest point in the current recession.[1] Part of the increase was due to the very high surplus on the balance of trade in the fourth quarter of 1982. In the year as a whole GDP was 1·1 per cent higher than in 1981. GDP at current prices (money GDP) grew by 8·3 per cent between 1981 and 1982; gross national disposable income – a measure of real income – increased by 1·1 per cent.

Expenditure

Consumers' expenditure rose by 1·1 per cent between 1981 and 1982. Within this, however, expenditure on clothing (including footwear) and on durable goods increased by substantially more – 4·2 per cent and 7·2 per cent respectively, with a rise for radio and electrical goods alone of 10·6 per cent.

During 1982 consumption by general government rose by 2·1 per cent, gross fixed investment by 3·2 per cent, exports of goods and services by 0·7 per cent and imports of goods and services by 4·8 per cent.

Income

In terms of current prices, income from employment increased by 5·9 per cent between 1981 and 1982, company profits (net of stock appreciation) by 11·4 per cent, profits of industrial and commercial companies (net of stock appreciation) by 15·1 per cent and the surplus of public corporations by 19·1 per cent.

Output

Having fallen for the previous two years, industrial production in 1982 was 1 per cent higher than in 1981. Within this, mining and quarrying rose by 9·3 per cent and construction by 1·5 per cent but manufacturing fell by 0·8 per cent.

In the non-industrial sector, output in agriculture, forestry and fishing, helped by an exceptional harvest, continued to rise – by 8·5 per cent – in 1982 while that in the distributive trades increased by 2·2 per cent.

Oil and Gas

Britain's North Sea oil production in 1982 – which together with North Sea gas production accounted for nearly 5 per cent of gross national product – reached more than 100 million tonnes for the first time, according to the Department of Energy's latest annual review of oil and gas development. Exploration activity offshore reached its second highest level ever and revenue from the sale of oil increased to a record £14,300 million. Total capital investment in oil and gas production and exploration was estimated at some £3,100 million, about 25 per cent of industrial investment in Britain.

ANNUAL REVIEW

The annual report of the Department of Energy on the development of Britain's oil and gas resources was published on 26 April.[1]

Oil Production, Reserves and Exports

Britain's total oil production in 1982 was 103·3 million tonnes, compared with 89·4 million tonnes in 1981. The 1982 figure includes 0·5 million tonnes of gas condensate (a mixture of pentane and higher hydrocarbons) extracted mainly from the Frigg gasfield and other gasfields in the Southern Basin of the North Sea, 2·4 million tonnes of heavier natural gases from oilfields and 0·2 million tonnes of crude oil from fields in Dorset and the East Midlands. During the year two new offshore oilfields, Fulmar and North Cormorant, came onstream bringing the number of offshore oilfields in production at the end of 1982 to 20 (see Table 1). It is estimated that production will be between 95 and 115 million tonnes in 1983, 95-125 million tonnes in 1984 and 1985, and 85-120 million tonnes in 1986. The original quantity of recoverable reserves in the United Kingdom Continental Shelf (UKCS) is now estimated at 2,000-4,200 million tonnes: 1,775-2,075 million tonnes in present discoveries (after extraction of 457 million tonnes, some 1,325-1,625 million tonnes remain) and 225-2,125 million tonnes in future discoveries.

Exploration activity in 1982 was exceeded only by that of 1975 – 111 wells were drilled: 68 exploration wells and 43 appraisal wells, compared with 48 and 26 respectively in 1981. Nine significant discoveries were announced, and 118 development wells started. Two offshore oilfields, Alwyn North and Clyde, were granted development approval in 1982.

More than half the oil from the UKCS was exported in 1982, the balance of requirements for British refineries being met by imports of crude oils of a different type from North Sea oil. Exports of UKCS crude oil amounted to 60·6 million tonnes, virtually all of which went to the markets of Britain's partners in the European Community and the International Energy Agency; the three largest markets were the United States (which took 21·5 million tonnes), the Netherlands (12·1 million tonnes) and the Federal Republic of Germany (11·1 million tonnes). Exports were more than double imports of crude oil (27·7 million tonnes).

Gas Production and Reserves

Production of natural gas amounted to 38,300 million cubic metres (mcm) in 1982, a slight

[1]Unless specified, all changes are expressed in terms of constant prices.

[1]*Development of the oil and gas resources of the United Kingdom 1983.* Department of Energy. HMSO, £5·95. ISBN 0 11 411248 7.

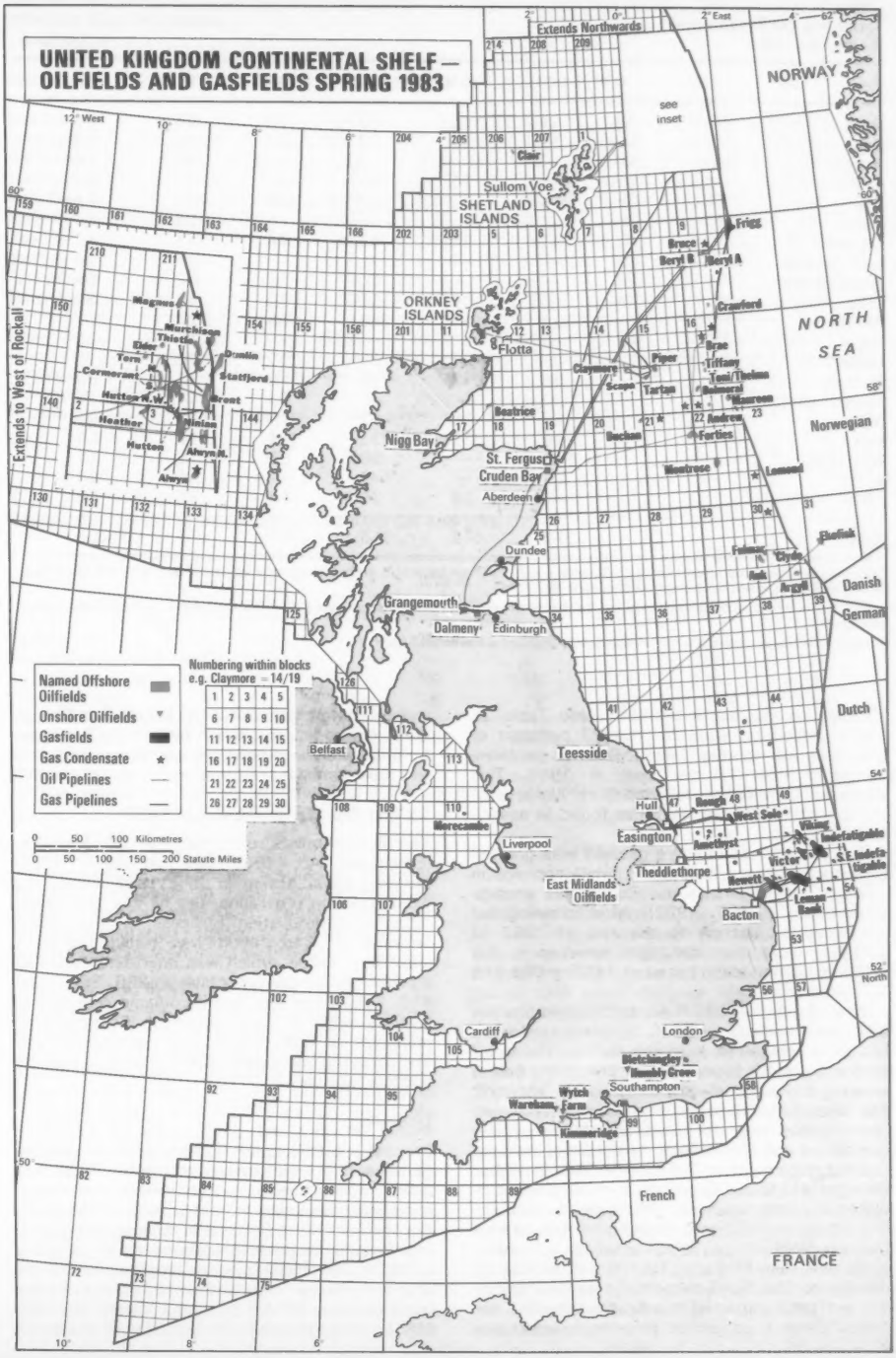
UNITED KINGDOM CONTINENTAL SHELF — OILFIELDS AND GASFIELDS SPRING 1983
Extends Northwards
see inset
NORWAY
NORTH SEA
Norwegian
Danish
German
Dutch
FRANCE
French
Extends to West of Rockall
Sullom Voe
SHETLAND ISLANDS
ORKNEY ISLANDS
Flotta
Clair
Frigg
Bruce
Beryl B
Beryl A
Crawford
Brae
Tiffany
Toni / Thelma
Piper
Claymore
Scapa
Tartan
Beatrice
Nigg Bay
Buchan
Andrew
Forties
Montrose
Leman
Elgin
Fulmar
Clyde
Ash
Argyll
St. Fergus
Cruden Bay
Aberdeen
Dundee
Grangemouth
Dalmeny
Edinburgh
Belfast
Teesside
Hull
Rough
West Sole
Viking
Indefatigable
S.E. Indefatigable
Amethyst
Victor
Easington
Theddlethorpe
East Midlands Oilfields
Bacton
Lemon Bank
Bunter
Liverpool
Morecambe
Cardiff
London
Fletcher
Humbly Grove
Southampton
Wytch Farm
Wareham
Kimmeridge
Magnus
Murchison
Thistle
Deveron
Dunlin
Tern
Cormorant
Statfjord
Hutton N.W.
Brent
Heather
Hutton
Alwyn N.
Alwyn
Named Offshore Oilfields
Onshore Oilfields
Gasfields
Gas Condensate
Oil Pipelines
Gas Pipelines
Numbering within blocks e.g. Claymore = 14/19
0 50 100 Kilometres
0 50 100 150 200 Statute Miles

Table 1
Offshore Oil Production*

million tonnes

Field	1977	1978	1979	1980	1981	1982
Argyll	0·8	0·7	0·8	0·8	0·5	1·0
Auk	2·3	1·3	0·8	0·6	0·6	0·6
Beatrice	—	—	—	—	0·2	1·6
Beryl A	3·0	2·6	4·7	5·4	4·7	4·4
Brent	1·3	3·8	8·8	6·8	11·1	15·4
Buchan	—	—	—	—	0·9	1·4
Claymore	0·3	3·0	4·0	4·4	4·5	4·8
North Cormorant	—	—	—	—	—	1·4
South Cormorant	—	—	0·04	1·1	0·7	0·9
Dublin	—	0·7	5·7	5·2	4·7	3·9
Forties	20·1	24·5	24·5	24·6	22·8	22·1
Fulmar	—	—	—	—	—	2·6
Heather	—	0·1	0·8	0·7	1·2	1·7
Montrose	0·8	1·2	1·3	1·2	1·1	0·9
Murchison (UK)	—	—	—	0·4	3·1	4·4
Ninian	—	0·04	7·7	11·4	14·3	15·0
Piper	8·6	12·2	13·2	10·4	9·8	9·8
Statfjord (UK)	—	—	0·04	0·5	1·2	1·8
Tartan	—	—	—	—	0·7	0·6
Thistle	—	2·6	3·9	5·3	5·5	6·0
Total†	37·3	52·8	76·5	78·7	87·6	100·2

*All figures given above are rounded to the nearest 100,000 tonnes (except for the Ninian field in 1978, and the South Cormorant and Statfjord UK fields in 1979). Discrepancies between totals and the sums of their component parts are due to this rounding.

Of the other named offshore oilfields shown on the map, the following are under development: Alwyn North, Beryl B, South Brae, Clyde, Hutton, North-West Hutton, Magnus and Maureen.

†Totals do not include gas condensate, heavier natural gases from oilfields and oil from onshore fields.

increase on the figure for 1981 (see Table 2). UKCS production accounted for 77 per cent of gas supplied to the British Gas Corporation, compared with 75 per cent in 1981. This increased contribution resulted from higher production of 'associated gas' (gas found in association with oil).

The Morecambe offshore gasfield was granted development approval in 1982, while approval in principle was given to the Rough gas storage project (see p 160, 1982). After allowing for cumulative production to the end of 1982 of 430,000 mcm, remaining gas reserves in the UKCS are estimated at between 1·025 million and 1·7 million mcm.

The 36-inch (91-cm) FLAG system gas pipeline was commissioned in 1982 to bring associated gas from several fields in the area of the Brent field to St Fergus (Grampian) for processing before entering the national gas transmission network. The Western Leg pipeline was also commissioned to bring gas from the South Cormorant, North Cormorant and Ninian fields to the Brent field for onward transmission. The pipeline from the West Sole gasfield to the Easington terminal was completed and commissioned, while a major construction project in 1982 was the laying of the 20-inch (51-cm) Northern Leg pipeline which will eventually link the Magnus, Thistle and Murchison oilfields to the FLAG system. Commissioning of this system is expected to take place by October 1983. Other construction projects included the laying of two pipelines for the British Gas Corporation, one to link the Rough field to the Easington terminal and the other from the Morecambe field to a new terminal at Barrow-in-Furness (Cumbria).

Oil and Gas (Enterprise) Act 1982

The report points out that the Oil and Gas (Enterprise) Act 1982 (see pp 46-7, 1982) received Royal Assent in June 1982. Under the Act's enabling provisions, the oil and gas exploration and production business of the British National Oil Corporation was transferred to a subsidiary, Britoil, which was later established as a private sector company (see pp 296, 364-5 and 416, 1982). The Act also introduced competition into the supply of gas by removing the purchasing privileges of the British Gas Corporation and restricting its monopoly in the supply of gas by onshore pipeline.

Licensing

Proposals for the eighth round of offshore production licensing were announced in May 1982 (see p 212, 1982), the main objectives of which were to provide new opportunities to explore for gas in the southern North Sea and to open up exploration in a number of hitherto undrilled areas. Applications for 169 concessionary blocks were invited and conditional awards for 63 blocks were announced on 10 May (*Hansard*, Vol 42, No 112, written answers, col 234). In addition, 15 blocks

Table 2
Offshore Gas Production

million cubic metres

Field	1977	1978	1979	1980	1981	1982
West Sole	1,947	1,533	1,365	1,445	1,455	1,512
Leman Bank	15,581	14,719	13,831	9,482	13,207	11,675
Hewett area	7,852	6,392	6,288	6,568	5,048	4,108
Indefatigable	6,779	6,450	6,006	6,878	5,613	5,720
Viking area	6,330	5,238	4,397	4,689	3,307	4,381
Rough	1,063	931	1,005	467	99	101
Frigg (UK)	614	2,907	5,345	6,374	7,057	6,569
Piper*	—	4	536	521	520	629
FLAG system†	—	—	—	—	—	2,144
Other‡	138	323	455	866	1,098	1,437
Total	40,304	38,497	39,228	37,290	37,404	38,276

*Associated gas used offshore or delivered to land via the Frigg pipeline system.

†Gas delivered to land via the FLAG system.

‡Associated gas produced and used mainly on Northern Basin oil production platforms.

Table 3
Taxes and Royalties attributable to UKCS Oil and Gas

£ million

	1978-79	1979-80	1980-81	1981-82	1982-83 (provisional)
Royalties	289	661	992	1,387	1,630
Supplementary petroleum duty*	—	—	—	2,025	2,400
Petroleum revenue tax	183	1,436	2,410	2,390	3,280
Corporation tax†	90	266	480	650	500
Total	562	2,363	3,882	6,452	7,810

*Abolished at the end of 1982.

†Estimated proportion of the tax payable in the year attributed to UKCS oil and gas, but before setting off any advance corporation tax.

were put out to cash tender; licences for seven of these to the value of over £32 million were awarded in February 1983. During 1982, 16 onshore exploration licences and 25 onshore production licences were also awarded.

Economic and Industrial Impact

In 1982 UKCS oil and gas production accounted for nearly 5 per cent of gross national product. Sales of oil produced on the UKCS were valued at £14,300 million and of natural gas £1,000 million. Government receipts of taxes and royalties in 1982-83 amounted to £7,810 million (see Table 3), though the effect of changes in the tax regime announced in the Budget (see p 132) will be to reduce government revenues from oil and gas by more than £800 million over the four years 1983-84 to 1986-87 and to give a substantial reduction in tax for future fields.

Capital investment in offshore oil and gas exploration and production in 1982, including that of drilling contractors and other contractors providing services unique to the industry, is estimated at some £3,100 million compared with £2,900 million in 1981. This represents about 25 per cent of total industrial investment in Britain in 1982 (compared with about 20 per cent in 1980) and 7 per cent of gross domestic fixed capital formation. Over the period 1965-82 investment of some £19,000 million (about £29,000 million at 1982 prices) took place, together with expenditure of some £6,000 million at 1982 prices on exploration. The high level of drilling activity in 1982 is reflected in total expenditure on exploration, which rose by £331 million, or about 50 per cent, to £861 million during the year. Expenditure on the construction and installation of platforms and associated equipment and on pipelines and onshore terminals in 1982 amounted to £2,348 million for oilfields and £613 million for gasfields.

In 1982 the total value of orders reported by operators in the UKCS for equipment and services to be used in offshore operations was £2,260 million, of which the British share was 73 per cent compared with 67 per cent in the previous year. British industry won the major share of orders for the Rough, Morecambe and Beatrice B developments.

Information Technology

The Government has announced the establishment of a major collaborative research programme on information technology between industry, government research establishments and academic institutions.

Details of the Government's response to the report of the Alvey Committee (see p 373, 1982), which had recommended such a programme, were given by the Secretary of State for Industry, Mr Patrick Jenkin, in the House of Commons on 28 April (*Hansard*, Vol 41, No 105, cols 1010-11). Mr Jenkin said that the Committee had been set up 'in the light of mounting concern in the industry at the increasing threat of overseas competition'. He was 'most grateful to the Committee for its extremely valuable report'. The future competitiveness of Britain's information technology industry was a subject to which the Government attached the greatest importance. The report outlined the important technologies where the industry had to maintain and strengthen its competitive position in world markets. Its theme was 'the need for collaboration between industry, academic institutions and other research organisations in order fully to mobilise our potential in those technologies'. The central purpose was 'to pave the way for information technology products, ... processes and ... services that can be sold in the market in competition with the rest of the world'.

Collaborative Programme

Accordingly, Mr Jenkin continued, the Government accepted the report's recommendation to establish a collaborative research programme concentrated in the four main areas of technology set out in the report: software engineering (the specification and generation of the instructions for the machines), very large-scale integration (advanced 'chips'), man-machine interfaces (visual, speech and touch input-output devices) and intelligent knowledge-based systems (involving more powerful information processing systems with a more effective transfer of human intelligence and knowledge to computers). Industry had realised the need for collaborative research and was ready to participate; its positive involvement in the funding, management and execution of the programme was crucial to the programme's success if research were to result in marketable products. Collaboration between companies, government research establishments and academic institutions would be the key feature of the programme.

Finance

Work carried out in academic institutions would be wholly funded by the Government. For work undertaken in industry the report had recommended that the Government should fund 50 per cent of the cost, but that in some cases it should finance 90 per cent. The Government's view was that the latter level of funding would not secure a sufficient industrial commitment and could lead to the programme becoming divorced from industry's needs. It had therefore decided that all industrial work would be 50 per cent government-funded. Companies taking part would be required to release knowledge and to share results with their partners in the project. They would also be expected to license results on reasonable conditions to others in the programme and to outside organisations where this was needed to secure development.

Mr Jenkin said that the report had estimated that the research would cost about £350 million over five years. The Government was ready to support a programme on this scale, but the extent of its contribution depended upon the contribution from industry and upon the programme's technical progress. The report had proposed that academic institutions should carry out some £50 million of research over five years and industry the remaining £300 million. The cost to the Government of about £200 million, which would not add to existing expenditure allocations, would be provided by the Department of Industry (which would contribute the major part of the funds from the Government and carry responsibility for the management of the programme as a whole), the Department of Education and Science (which would fund research through the Science and Engineering Research Council, mainly in the universities) and the Ministry of Defence (which would fund research of particular importance to the future of the defence industry). A new small directorate in the Department of Industry would co-ordinate the programme and would report to a supervising board of industrialists.

Jobs for the Future

'This is the first time in our history', Mr Jenkin continued, 'that we shall be embarking on a collaborative research project on anything like this scale. Industry, academic researchers and the Government will be coming together to achieve major advances in technology that none could achieve on their own.' Information technology was 'one of the most important industries of the future and therefore one upon which hundreds of thousands of jobs in the future will depend'. Collaboration would ensure that the results were widely disseminated. No-one could guarantee success, but the Government was convinced that the programme would ensure for British industry 'secure access to the new technology and the products and processes on which our future prosperity depends'.

Lead in the Environment

The Royal Commission on Environmental Pollution has identified lead as a particularly significant source of pollution and recommends reducing man-made dispersal of lead and human exposure to it in order to create a substantially greater safety margin. In an initial response to the report, the Government has accepted the Royal Commission's recom-

mendation that lead be eliminated from petrol entirely.

The Royal Commission's Report

The report[1] says that lead has long been recognised as a poison. It has been used for thousands of years, is one of the most widely dispersed of environmental pollutants and can remain in an accessible form for hundreds of years. It is potentially toxic to all vertebrate animals and cannot be made innocuous by chemical change. The Commission concludes that lead's long persistence and potential toxicity to a very wide range of organisms identify it as a pollutant of particular significance in the environment.

The report points out the difficulties of making comparative studies because of the wide dispersal of lead and the problem of determining the level of lead concentration in the blood at which poisoning may occur. It is noted that lead levels may be higher in people living in inner cities or alongside major roads compared with those in rural areas.

At present the average blood lead concentration of the population in Britain is about one-quarter of that at which features of unmistakable lead poisoning may occasionally occur. The Commission is not aware of any other toxin which is so widely distributed in human and animal populations and which is also universally present at levels greater than one-tenth of that at which clinical signs and symptoms may occur. It notes the Government's view that the safety margin may be too small in some circumstances and that it should be increased wherever practicable. In its view it would be prudent to increase the safety margin for the population as a whole.

Sources of Lead

For most people in Britain the main ways of taking in lead are from food and drink, although there is considerable uncertainty as to the relative contributions of the various sources of lead. People who live in areas of plumbosolvent (lead-dissolving) water and have lead plumbing or lead-lined tanks may receive more than half their uptake of lead from the water. Social factors, such as smoking and alcohol consumption, may also be important. On present evidence, for large numbers of adults lead in petrol contributes at least 20 per cent of their uptake, although for the majority it contributes less.

For young children lead in dust carried to the mouth by the hands or on objects sucked or placed in the mouth may constitute around half the uptake. Lead in dust may arise from soil, paint, emissions from petrol engines and industrial processes, and a variety of other sources. The Commission recommends that research should be undertaken to assess the relative contributions of these sources, and that a well-designed programme should be set up in consultation with the Medical Research Council, and started as soon as possible, to monitor the body content of lead in man.

[1]*Royal Commission on Environmental Pollution. Ninth Report: Lead in the Environment.* Cmnd 8852. HMSO, £9·20. ISBN 0 10 188520 2.

Reducing Lead Contamination

For several years industrial countries have sought to lower the exposure of the population to lead and hence its concentration in the body. The combination of their actions, and probably other unknown factors, seem to have been successful and there is evidence (including data from Britain) of falling average blood lead concentration. The Commission notes the Government's efforts since 1975 to encourage local authorities and water authorities to reduce lead levels in water, where these were excessive, by water treatment or by pipe and tank replacement. Financial constraints should not be allowed to hamper the rate of progress and an early and firm target date should be set for completion of surveys, investigations and remedial work relating to plumbosolvency.

It is not possible to indicate measures which would result in a comprehensive reduction in lead levels in food, but most if not all measures to reduce dispersion of lead in the environment are likely to result in a decrease in the lead content of the human diet. The Commission welcomes moves to phase out lead solder in cans and recommends that the detailed work being undertaken by the Ministry of Agriculture, Fisheries and Food be fully supported and, if necessary, extended.

Although the main danger of lead in paint comes from old paintwork, its use at any level adds to potential sources of contamination. It is therefore recommended that the maximum permitted concentration of lead in paint for household use be progressively reduced to a level comparable to that applied in the United States (0·06 per cent), with the lead content labelled where it exceeds that level. There should be continuing research into narrowing the range of uses for which there are grounds for preferring leaded paint. The Commission also recommends that more active steps should be taken to publicise the potential hazards of working with paint which contains lead; local authorities should have access to modern equipment for the detection of lead in paintwork.

Because of the significance of dust as a source of lead, priority should be given to research on the origins of lead in dust. Substitutes for lead shot and lead fishing weights, which poison wildlife, should be legislated for as soon as substitutes are available. The Commission welcomes the campaign by the Department of Trade to draw attention to the dangers of cosmetics containing lead.

Lead in Petrol

The Commission believes that, because the contribution of airborne lead from petrol is such an all-pervasive addition to people's uptake from other sources and because it is amenable to central control, this source should be reduced to the lowest practicable level. While welcoming the Government's present policy of reducing the lead content of petrol to 0·15 grammes per litre by 1985 (see p 182, 1981), the Commission feels that the only compelling argument for retaining lead in petrol at all is as an interim measure to enable the majority of existing cars to be phased

out. The development of engines to run on unleaded petrol would remove an impediment to the control of other gaseous emissions by the fitting of exhaust catalysts, as already required in some other countries.

The Commission therefore recommends that the Government should initiate negotiations immediately within the European Community to secure the removal of the minimum level for lead in petrol, with the aim that from the earliest practicable date all new petrol-engined vehicles sold in Britain should be required to run on unleaded petrol. Concurrently with these negotiations, urgent discussions should be held with the oil and motor industries to agree a timetable for the introduction of unleaded petrol. The Commission believes that it should be possible for the changes to be implemented by 1990 at the latest. Continuing improvements in energy efficiency make it unlikely that any overall energy penalty will be experienced as a result of the change to 92 octane petrol (which will result in engines with lower compression ratios), but a potential net energy saving of about 2·5 per cent of crude oil requirement will have to be forgone.

The Commission concludes that wider moves in Europe to reduce or discontinue the use of lead in petrol will bring benefits in the form of reduced concentrations of lead in the air as it passes from one country to another, and in lower levels of food contamination.

Government Response

The Secretary of State for the Environment, Mr Tom King, made a statement about the Royal Commission's report in the House of Commons on 18 April (*Hansard*, Vol 41, No 97, cols 21-31). He said that the Government had welcomed the Royal Commission's decision to publish separately the results of its study of lead as soon as possible, because 'the Royal Commission's independence and authority would be most valuable in clarifying the issues surrounding this complicated and difficult subject'. The Government intended to bring forward an early response to the Commission's main recommendations, but on the most pressing point – that of lead in petrol – Mr King announced that the Government accepted the Commission's recommendation of total elimination. He hoped to see it achieved earlier than 1990 and would contact the other members of the European Community immediately to set out Britain's position. The change recommended required Community agreement – the car industry which supplied the British market was organised on a European basis – and the Government intended to open formal negotiations as soon as possible.

Mr King emphasised that typical blood levels in Britain were low and falling. Substantial research efforts, he said, 'have so far shown no conclusive evidence that these typical levels have adverse effects on the health of children or adults'. However, it was the Government's policy to increase the safety margin wherever possible, and lead in petrol, though not the largest source of lead on average, was the largest controllable on a national basis.

Shorter Notes

INTERVENTION IN FOREIGN EXCHANGE MARKETS

An international study on intervention in foreign exchange markets, commissioned at the 1982 Versailles economic summit (see pp 201-3, 1982), was published on 29 April in the capitals of the seven summit countries (Britain, Canada, France, the Federal Republic of Germany, Italy, Japan and the United States), accompanied by a statement by the seven finance ministers. The chairman of the study was M. Philippe Jurgensen, a Deputy Director of the French Ministry of Economy and Finance.

The report, 'intended to bring about greater understanding of the motives, methods and effects of exchange market intervention', drew upon the experience of individual countries as well as on empirical studies. It suggested that planned changes in exchange rates would have lasting effects only if the causes underlying divergent trends were corrected, and reported the widely held view that excessive variability of exchange rates in the short and medium term had adverse consequences for domestic economic developments and the working of the international adjustment process.

The accompanying statement welcomed the report as 'a significant and useful addition to the body of information and analysis', and said that the finance ministers had reached agreement in four areas. First, the achievement of greater exchange rate stability (which did not imply rigidity) was to be a major objective. Secondly, compatible policies aimed at non-inflationary growth were a pre-condition for greater stability. Thirdly, the behaviour of exchange rates should be taken into account in the formulation of domestic policies. Fourthly, intervention would normally be useful only when complementing and supporting other policies.

Sources: *Report of the Working Group on Exchange Market Intervention.* Chairman: Philippe Jurgensen. Available from HM Treasury, Parliament Street, London SW1P 3AG. £2.

HM Treasury press notice, 29.4.83.

NEW £1 COIN

A £1 coin entered circulation on 21 April. When the proposed coin was announced in 1981 (see p 57, 1981) the Royal Mint pointed out that it would be cheaper to maintain than the £1 note (which will, however, remain in circulation for the time being) and would widen the range of goods which could be sold through vending and ticket machines. Made of nickel brass, the new coin has a diameter of 23 millimetres, a thickness of 3 millimetres and a weight of 10 grammes. On the milled edge is the security inscription 'Decus et

Tutamen' ('an ornament and a safeguard'). It is planned to issue a Scottish variant during 1984.

Sources: HM Treasury press notice, 20.4.83; *Hansard*, Vol 41, No 103, written answers, col 293.

NATIONAL QUALITY CAMPAIGN

The National Quality Campaign was launched on 27 April by Lord Cockfield, Secretary of State for Trade. The campaign is expected to last for some years and government support will be reflected in the buying policy of government purchasing departments. It will also be supported by a number of non-governmental organisations (including the National Economic Development Office, the Confederation of British Industry, the British Standards Institution, the Institute of Quality Assurance, and professional engineering institutions), which will co-operate with the Government in making advice and information available. The Departments of Trade and Industry have announced schemes in support of the campaign, and several measures to enhance standards have already been taken by government departments since the publication in July 1982 of the White Paper *Standards, Quality and International Competitiveness* (see pp 272-3, 1982).

Certification schemes will be important in the promotion of quality, helping in several ways to give the customer greater confidence in the quality of a product or service. They have the effect of ensuring that the quality management system of a firm is organised in line with modern practice, of improving product design through regular testing and of improving standards through the feedback from certification experience. Two schemes to expand the scope and enhance the authority of certification systems were announced by Lord Cockfield: first, the provision of funds for launching new certification schemes or extending the scope of existing ones, and, secondly, arrangements for the voluntary national accreditation of certification schemes. Assistance from the Department of Trade under the first scheme will take the form of 50 per cent grants to match contributions from non-government bodies, and a total of £550,000 a year has been allocated for the first three years. Lord Cockfield said that senior management was being asked to take a fresh and critical look at customers' requirements, at the trend of competition, and therefore at their own enterprises. These would survive only if they could satisfy customers at least as well as their competitors could; it was customers who decided whether quality was acceptable, and today's customers were more interested in value for money than in price. Accreditation of certification schemes would increase their authority and acceptability, particularly overseas.

On 4 May Mr John Butcher, Parliamentary Under-Secretary of State for Industry, announced that £8 million was being set aside to support quality assurance. Support would take the form of publication of a directory of quality assurance consultants; extension of the Manufacturing Advisory Service (see p 211, 1982) and the Small Firms Technical Enquiry Service (see pp 211-12, 1982), to help with the implementation of quality assurance schemes; and assistance with training material and courses in quality assurance techniques.

During the launching of the campaign it was pointed out that attention to quality was not new in British industry; if that were the case it would not have been possible to export 30 per cent of output each year. Experience at Jaguar cars, for example, showed that, following a tightening up of quality control in the early 1980s, sales in the United States in 1982 had risen by 120 per cent.

Sources: National Quality Campaign press notice, Department of Trade, 27.4.83; Department of Industry press notice, 4.5.83.

SALE OF COMPUTER AIDED DESIGN CENTRE

Agreement in principle has been reached for the sale of the Department of Industry's Computer Aided Design Centre (CADCENTRE) at Cambridge to a consortium led by ICL (Britain's largest computer manufacturer) for £1 million. CADCENTRE, set up as a government research establishment in 1969, is the largest centre in Britain for the development of computer software to aid the management and execution of design and the planning of manufacturing. The consortium led by ICL (which has some 22,000 employees and an annual turnover of some £700 million) will also include SIA (one of the leading on-line computer service companies in Europe) and the W. S. Atkins Group (consultants in planning, engineering and management). The new owners will actively develop computer-aided design and computer-aided manufacture (CADCAM) techniques in Britain[1] and consider ways in which the employees can participate fully in the development of CADCENTRE as a commercial business. Under the agreement the Department of Industry will be entitled to a royalty based on the turnover of the new company CADCENTRE Ltd and on the extent of financial support which the Department has agreed to make available to help the transition to a commercially run company.

Sources: *Hansard*, Vol 40, No 90, written answers, col 188; Department of Industry press notice, 30.3.83.

DRINKING AND DRIVING

New measures to improve the effectiveness of the law on drinking and driving in Great Britain, including the introduction of breath testing procedures for evidential purposes, took effect on 6 May. The changes have been introduced under the Transport Act 1981 (see p 53, 1981) and amend

[1]Official campaigns are in progress to increase awareness in industry of CADCAM and of computer-aided design, manufacture and test (CADMAT) techniques in the electronics industry (see p 276, 1982).

the drinking and driving provisions of the Road Traffic Act 1972. Breath testing procedures at police stations will largely replace blood tests in providing evidence for the courts. Police officers are able to use approved electronic breath testing machines to provide an instant printed analysis of the suspect's breath alcohol concentration. The maximum permissible limit is 35 microgrammes of alcohol in 100 millilitres of breath, equivalent to the former limit of 80 milligrammes of alcohol in 100 millilitres of blood. Police officers' powers to administer the initial roadside screening tests have been extended to cover people who have just been driving or have just been in charge of a vehicle. Some minor loopholes in the law have been closed so that defendants do not escape conviction on legal technicalities. A new procedure is being introduced for looking at convicted offenders who appear to have a serious drink problem. Such offenders will be examined by a panel of experienced medical practitioners and allowed to resume driving only when it is clear that any drink problem no longer represents a risk.

Commenting on the measures on 19 April, Mrs Lynda Chalker, Parliamentary Under-Secretary of State, Department of Transport, said that this was the first major change in drinking and driving measures since the introduction of the breathalyser under the Road Safety Act 1967. However, drunken driving had become almost as prevalent as in 1967: in 1981 about 29 per cent of drivers killed in road accidents had exceeded the permissible blood alcohol level and 40 per cent of drivers had failed the roadside breath test. She hoped that the new arrangements would result in a return to the position of 'those early post-breathalyser years when an estimated 5,000 lives and 200,000 injuries were being saved'.

Sources: Department of Transport press notice, 19.4.83; Department of Transport Fact Sheet 1/83.

SOCIAL AND CULTURAL AFFAIRS

Health Care and its Costs

A review of the development of the National Health Service in England and its use of resources over the ten years to 1981 was published by the Government on 30 March. The report[1] concludes that services to patients have improved significantly, while there have been encouraging trends in productivity and efficiency. Hospitals have both kept pace with the increasing demands of an ageing population and made modern medical techniques more widely available. Perinatal mortality has fallen faster than in any previous period and there have been substantial increases in manpower, including more doctors, nurses and health visitors. There remain, however, some serious problems to overcome, which will require increased funding and improvements in the use of existing resources.

The report is divided into three sections: the first describes the general use of resources and manpower in the health service; the second describes the main challenges faced by the Service and progress achieved; the third discusses the problems still outstanding and the measures that are being taken to solve them.

Use Of Resources

The report says that the National Health Service is the country's largest enterprise, with a budget of over £11,000 million in 1981-82, equivalent to 5·5 per cent of gross domestic product. Spending on the Service increased by nearly six times over the decade, and the rise in the real resources available amounted to 23 per cent. Some 70 per cent of total expenditure was devoted to the hospital and community health services[2] which in 1981 treated 6·5 million in-patients and day cases (an increase of 500,000 since 1978) and dealt with 49 million out-patient attendances (an increase of 1·5 million patients over the same period). Some 17 million people were seen by health visitors and home nurses. The number of family doctors in England increased between 1971 and 1981 from 19,374 to 22,304 and their distribution through the country was improved.

[1]*Health Care and Its Costs.* Department of Health and Social Security. HMSO, £5·95. ISBN 0 11 320828 6.

[2]Hospital and community health services do not include the Family Practitioner Services provided by doctors, dentists, pharmacists and opticians.

Productivity in the health service has risen in recent years after falling in the early 1970s. During the five years to 1981 the number of treatments given rose faster than expenditure and staff numbers, even though acute treatment was increasingly complex, while standards of care were improved in the long-stay sector. The effects of increased capital investment are seen in the increased number of beds provided in new or renovated buildings – some 70,000 in all – while the total number of beds needed has been reduced by a quarter.

The Development of Services

The report lists the main challenges faced by the hospital and community health services in recent years. A major task has been to meet the needs of the increasing number of old and very old people, who have placed increasing pressure on the hospital and district nursing services. On average their treatment costs nine times as much as the treatment of people of working age. Increased expenditure on services for the elderly has only partly been balanced by shorter stays in hospital and the growing trend of providing care in day hospitals and in the community. Men and women over the age of 65 account for more than a quarter of cases in acute hospitals and for two-fifths of the occupied beds because they stay in hospital longer.

A second challenge has been to develop services making greater use of technology, such as haemodialysis for patients with chronic kidney failure, and surgical hip replacement in osteoarthritis. Three times as many hip replacements and six times as many kidney dialysis or transplant treatments were being performed in 1981 compared with 1971. A wide range of new techniques became generally available over the period of the review; these sometimes lead to savings by keeping people out of hospital but more often produce substantially higher costs.

Another task has been to improve standards of care for mentally ill, mentally handicapped and long-stay geriatric patients and wherever possible to provide care for these groups in the community rather than in hospital (see p 304, 1982). Efforts have also been made to strengthen primary and preventive care given by doctors, dentists, opticians, pharmacists, and other groups such as health visitors, and to improve liaison with the personal social services provided by local authori-

ties. Apart from the growth in the number of family doctors there has been an increase in the amount of treatment provided under the general dental services, and greater emphasis is being placed on the conservation of teeth.

The final challenge has been to bring about a more balanced distribution of resources across the country and some progress has been achieved in this respect.

Outstanding Problems and Future Plans

In spite of recent achievements, the report says, some serious problems remain to be tackled. Services for elderly, mentally ill and handicapped people are sometimes inadequate or unsuitable; provision of advanced treatment still falls short of need; geographical imbalances in standards and costs of treatment remain; while more effort needs to be put into persuading people to adopt healthier life styles. More resources will be needed to remedy these and other deficiencies, but the money available for health services depends on the performance of the national economy. The National Health Service should therefore look first to improvements in the use of existing resources to provide better services. The Government has recently taken a number of initiatives to improve the planning, management, and general efficiency of the Service. These include changes in the structure of the health service (see pp 378-9, 1981); the setting up of new machinery to review health authority performance; new arrangements for planning, controlling and monitoring manpower; a new scrutiny procedure for administrative and managerial functions; and measures to improve efficiency in specific areas such as purchasing goods and services.

Conclusion

The report concludes by saying that the Government is committed to an efficient National Health Service. The Service has shown an encouraging record in recent years of improving efficiency and redeploying resources to meet national priorities and local needs. The Government is accelerating progress by a series of initiatives which further tighten the disciplines of planning and accountability and give much higher priority to improving efficiency.

The Development of Cable Systems and Services

A comprehensive statement of government policy on the development of cable systems and services is set out in a White Paper[1] published on 27 April. Its broad conclusions are that cable investment should be privately financed; that regulation should be as light as possible to allow the development of a wide range of services and facilities; that the regulatory framework proposed should be flexible enough to adapt to changing technology; and that certain limited safeguards for existing broadcasting and telecommunications services will be necessary. The Paper contains proposals for the establishment of a new national Cable Authority to award franchises, supervise programme services and promote cable development. It also announces the Government's intention to introduce, in advance of legislation, interim arrangements to enable work on advanced cable systems to start in a limited number of areas in 1983.

[1] *The Development of Cable Systems and Services.* Cmnd 8866. HMSO, £6. ISBN 0 10 188660 8.

THE WHITE PAPER

The White Paper, presented to Parliament jointly by the Home Secretary and the Secretary of State for Industry, sets out government policy across the range of cable issues. As regards broadcasting, the Paper contains the Government's response to the *Report of the Inquiry into Cable Expansion and Broadcasting Policy* (The Hunt report),[1] published in October 1982 (see pp 141-2, 370-1, 1982).

A summary of the main government proposals both on broadcasting policy and programme services and on technology and telecommunications is given below.

Broadcasting Policy and Programme Services

As recommended in the Hunt report, the Government proposes to establish a statutory Cable Authority to award franchises to cable operators for the provision of cable services and to exercise supervision over the services provided. This will be a new authority, independent of Government in its day-to-day affairs, but ultimately accountable through the Home Secretary to Parliament. The Authority will initially have a Chairman and six other members appointed by the Home Secretary; appointments will be for renewable periods of five years and will be part-time. The Authority will appoint its own staff and will be financed from fees paid by franchise holders.

The Franchise and Licensing Process

Under the proposed legislation, cable operators (who provide the services for subscribers) will require a franchise from the Cable Authority, which will judge applications on a competitive basis. The Authority will need to judge the applications against a number of criteria, including the amount of British material proposed, the arrangements to be made for educational services, community programmes and local access, and the range and diversity of channels. The Authority will also have a duty to seek local views and consult local authorities.

Franchises for cable operators will run for 12 years in the first instance and then for eight years. Telecommunications licences for cable providers (who install the system) will be granted for 12 years in the case of tree-and-branch systems and for 20 years in the case of fully switched systems

[1] Cmnd 8679. HMSO, £4·40. ISBN 0 10 186790 5.

(see below) installed from the outset. Existing cable operators will be able to compete for new cable franchises on the same footing as other applicants.

Broadcasting Policy and Cable

The Government fully endorses the objective of the British Broadcasting Corporation (BBC)[1] and the Independent Broadcasting Authority (IBA)[1] to maintain the range and quality of the broadcasting services now freely available, while at the same time endorsing the recommendation in the Hunt report that cable television be given a wide measure of freedom to develop.

A wider range of advertising will be possible on cable than on independent broadcasting. With appropriate safeguards, some sponsorship will also be permitted. Cable systems will not be allowed to carry more advertising per hour on television and sound channels than the comparable independent broadcasting services. (The present limit is six minutes per hour on average, with no more than seven minutes in any one hour). However, classified advertising and channels devoted wholly or mainly to advertising will be excluded from this limitation. The Government agrees with the Hunt report on the need for a code of practice for cable advertising, and accordingly a joint statutory advisory committee will ensure that the IBA and the Cable Authority adopt a common core of advertising rules.

Departing from the recommendations in the Hunt report, the Government has decided that the pay-per-view method of financing cable services will be permitted. However, to safeguard viewers dependent on the BBC and independent television, the Cable Authority will have the duty to exclude from pay-per-view events customarily covered by public service broadcasters. In addition, as the Hunt report recommended, cable operators will not be allowed to acquire exclusive rights for major national sporting events. Pay-per-view will also be available for direct broadcasting by satellite, due to start with two BBC channels in 1986 (see pp 90-2, 1982).

In considering franchise applications, the Cable Authority will be required to see that a proper proportion of programme material of British or European Community origin is shown on each channel, and will be required to work towards a progressive increase in the proportion of British programmes as British production capacity grows; it will also report progress regularly to the Government, which is concerned to maintain and develop the strong national production capability which the BBC and the IBA have helped to create.

Programme Services and Content and the Role of the Cable Authority

Cable operators will be required to relay the existing BBC and IBA television and radio services appropriate for their area. All cable systems will have to include provision for the five direct satellite broadcasting services allocated to Britain by international agreement.

[1]The BBC and the IBA are the two public bodies which provide television and radio services in Britain.

Following the Hunt report's recommendation, all cable channels will be subject to the same good taste and decency rules as those observed by existing broadcasting. No special exemption for electronically lockable channels will be made since the Government does not consider that so-called 'adult channels' should be available on cable systems. The Cable Authority will be responsible for interpreting and applying the taste and decency requirement. Legislation will make clear that cable channels will be subject to the provisions of the Obscene Publications Act 1959.

The Government endorses the Hunt report's view that the Cable Authority should be required to exclude any bias across the generality of services on a particular system; to ensure that news coverage is accurate and impartial; to see that there is impartiality of access to any community access channel; and to exclude particular religious or political groups from the control of individual channels. Subject to these requirements the Government considers that cable services should enable greater freedom for the expression of political and religious viewpoints than has been possible on public service broadcasting.

The Cable Authority will need to adopt various methods of supervision according to the nature of the obligation on programme content. The Government considers that once a franchise has been granted, the Cable Authority will be able to maintain a light regulatory touch and it does not envisage that prior submission of programme schedules will be necessary. In general the Authority will operate on the basis of its own selective sampling and in response to complaints.

Cable operators will be allowed to relay foreign broadcasting services, although reception cannot be guaranteed freedom from radio interference from domestic services. The Cable Authority will have a duty to draw up rules dealing specifically with the relay of non-British channels.

Cable operators will be authorised to receive and distribute programme services transmitted by low-powered telecommunications satellites provided the originators of the service give their consent and provided operators follow the procedures necessary to ensure that their earth stations do not come to represent a constraint on the development of the terrestrial telecommunications network.

Cable Technology and Telecommunications

The Government does not consider it would be right at this stage in the development of cable to prescribe a particular type of system design: cable providers may therefore use star switched or tree-and-branch technology. However, because of the longer-term attraction of the star switched technology, all underground ducts for new cable systems will have to be laid in a star configuration, and be of an adequate size to allow for subsequent developments. Both optical fibres and coaxial cable will be permitted, and there will be no mandatory separation between the cable provider and the cable operator, though the provider will require a licence in addition to the franchise of the operator.

The Government wishes to encourage the development of cable systems which will permit the provision both of programme and interactive services. All cable systems will therefore have to be designed to high performance standards.

The Government wishes cable investment to be privately financed. Estimates of the likely cost and speed of cabling vary, but investment will inevitably be spread over a number of years, and the private sector ought to be able to finance it from normal sources without any special difficulty. New jobs will be created both in the short term, during the construction phase, and in the long term. Cable development should generate new economic activity and enhance productivity.

The relationship of cable systems to the national telecommunications structure has to be considered against the background of the Government's wish to increase competition in the provision of telecommunications services and apparatus so that the industry and the consumer can benefit from resulting improvements in efficiency.

Cable operators will be free to offer a wide range of interactive services, but only the existing national telecommunications operators – British Telecommunications and the Mercury consortium (see p 86, 1982) – will retain the exclusive right to offer telephone services or local systems or to link local cable systems. The White Paper also includes proposals for additional protection for British Telecommunications and Mercury in that within principal business locations (the City of London, the London Boroughs of Westminster and Camden, and the business centres of Birmingham and Manchester), cable operators will, for the initial franchise period of 12 years, be allowed to provide data services only in collaboration with British Telecommunications and Mercury.

Interim Measures

Immediate action is proposed once Parliament has debated and approved the White Paper. To enable cable investment and installation to start in advance of legislation, the Government proposes to make the following interim arrangements.

It will be prepared, under existing powers, to authorise up to 12 pilot cable systems each covering a maximum of about 100,000 homes. Proposals will be expected to offer a positive contribution to the application of advanced technology, as well as providing a comprehensive range of programme services, and the capability for interactive services. The initiative for cabling will come from the applicant and there will be no process of local consultation. .

Existing relay companies (most of whose services are limited to four or six channels) will be allowed to offer additional programme services over their existing systems in the interim period. Where necessary, the obligation on operators to relay existing broadcast services will be relaxed so long as customers are provided with alternative means of receiving BBC and IBA channels at no extra cost.

Once the Bill to establish a Cable Authority has secured a second reading in Parliament, the Cable Authority will advise the Home Office on programming. The Government considers that the freedom it is prepared to allow both existing cable systems and a limited number of newly installed systems to make an early start in offering new programme services, will provide the opportunity for valuable experience to be gained of providing cable services to the public.

HOME SECRETARY'S COMMENTS

Introducing the White Paper in the House of Commons on 27 April (*Hansard*, Vol 41, No 104, cols 872-8), the Home Secretary, Mr William Whitelaw, said that the Government's proposals would give cable an excellent opportunity for development, providing a stimulus for advanced technology. At the same time the proposals would protect public broadcasting services and those who relied on them.

DOCUMENTATION

Government and Administration

The British General Election. COI, No 211/83. (Italian and Spanish editions in preparation.)

The Order of the Garter. COI, No 207/83.

Miscarriages of Justice. The Government Reply to the Sixth Report from the Home Affairs Committee, Session 1981-82, HC 421. In response to the recommendations of the Select Committee in their review of the present arrangements for examining allegations of miscarriages of justice in criminal cases the Government proposes: to review its procedure for replying to petitions in order to avoid unexplained delays; to provide an explanation when a petition for intervention by the Home Secretary in a case is refused; and to examine the possibility of legislation to allow the Home Secretary to refer doubtful summary convictions back to the courts. Cmnd 8856. HMSO, £1·30. ISBN 0 10 188560 1.

External Affairs and Defence

British Forces Hong Kong. Second Report from the House of Commons Defence Committee, Session 1982-83. The volume also contains minutes of proceedings of the Committee relating to the report and part of minutes of evidence taken before the Committee on 1 February 1983. HMSO, £3·75. ISBN 0 10 217683 3.

Bolívar and Britain: The 200th Anniversary of the Birth of Simon Bolívar. COI, No 210/83. (Spanish edition in preparation.)

The Work of the Commonwealth Development Corporation. Observations presented by the Government on the Fourth Report from the House of Commons Foreign Affairs Committee. Cmnd 8857. HMSO, £1·75. ISBN 0 10 188570 9.

International Development Association. Replenishment of IDA Resources. Resolution of the Executive Directors dated 26 October 1982. Presented to Parliament by the Secretary of State for Foreign and Commonwealth Affairs, May 1983. Cmnd 8867. HMSO, £1·75. ISBN 0 10 188670 5.

Economic and Scientific Affairs

Report of the Working Group on Exchange Market Intervention. Chairman: Philippe Jurgensen (see p 172). Available from HM Treasury, Parliament Street, London SW1P 3AG. £2.

Britain's New Training Initiative. COI, No 177/83. (Dutch and French versions in preparation.)

Selling by Telephone: A Discussion Paper by the Office of Fair Trading. Available free from the Office of Fair Trading, Field House, Breams Buildings, London EC4A 1PR.

Development of the oil and gas resources of the United Kingdom 1983 (see p 166). Department of Energy. HMSO, £5·95. ISBN 0 11 411248 7.

Energy Technology Support Unit. Contribution of Renewable Energy Technologies to Future Energy Requirements. HMSO, £5. ISBN 0 7058 0896 3.

Combined Heat and Power. Third Report from the House of Commons Energy Committee, Session 1982-83.

Vol I. Report and Minutes of Proceedings. HMSO, £5·10. ISBN 0 10 299683 0.

Vol II. Appendices. HMSO, £7·65. ISBN 0 10 299783 7.

Associated British Ports Report and Accounts 1982 (see p 107). First annual report of Associated British Ports Holdings PLC. Available free from Associated British Ports, Melbury House, Melbury Terrace, London NW1 6JY.

Reconstitution of the Genetic Manipulation Advisory Group. A report by officials of the Department of Education and Science and the Health and Safety Executive outlining the factors which have led to a review of the constitution and functions of the Group. It points out that some early fears about risks involved in genetic manipulation seem to have been exaggerated. It argues the need for a successor to the Group, considers four options and recommends reconstitution of the Group as an advisory committee to the Health and Safety Commission. Available free from the Department of Education and Science, Elizabeth House, York Road, London SE1 7PH.

Royal Commission on Environmental Pollution. Ninth Report: Lead in the Environment (see p 170). Cmnd 8852. HMSO, £9·20. ISBN 0 10 188520 2.

Planning and the Environment in Britain. COI, No 87/83.

Social and Cultural Affairs

Police Complaints Board Triennial Review Report 1983. Cmnd 8853. HMSO, £3·35. ISBN 0 10 188530 X.

Report of the Police Complaints Board 1982. HMSO, £2·90. ISBN 0 10 227883 0.

Report of Her Majesty's Chief Inspector of Prisons 1982. HMSO, £3·65. ISBN 0 10 226083 4.

Health Care and its Costs. The Development of the Health Service in England (see p 175). HMSO, £5·95. ISBN 0 11 320828 6.

Report on Youth Exchanges. A report commissioned by the Department of Education and Science and the Foreign and Commonwealth Office which examines the aims of youth exchange visits and how they are organised and funded. Its recommendations include the establishment of a new Youth Exchange Unit, working alongside the existing Central Bureau for Educational Visits and Exchanges, to promote the growth of exchanges and to allocate grants. The Government is to consult interested groups in the youth services before taking decisions on the report's findings. Available free from Room 5/74, Department of Education and Science, York Road, London SE1 7PH; or Cultural Relations Department, Foreign and Commonwealth Office, King Charles Street, London SW1A 2AH.

The National Council for Voluntary Organisations. COI, No 114/83.

The Development of Cable Systems and Services (see p 176). Cmnd 8866. HMSO, £6. ISBN 0 10 188660 8.

Sport in Britain. COI, No 18/82.

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